United Nations E/CN.18/2002/5

Economic and Social Council

Distr.: General
18 December 2001

Original: English

United Nations Forum on Forests
Second session
4-15 March 2002
Item 4 (i) of the provisional agenda*
Common items for each session: trade

Trade and sustainable forest management

Note by the Secretary-General**

Summary

Following the establishment of the United Nations Forum on Forests and the inclusion of trade in the Forum's multi-year programme of work and plan of action, trade will be one of the common items to be considered at each of its sessions. In addition, trade will feature as a principal part of the economic aspects of forests which the Forum will focus on at its third session. The present note provides the background and information on the overview of the Intergovernmental Panel on Forests/Intergovernmental Forum on Forests (IPF/IFF) process, global trade and forest resource trends, and the current status and assessment of developments concerning trade in forest products and services to facilitate the United Nations Forum on Forests in determining the arrangements of its work on trade and sustainable forest management in accordance with the provisions in its mandate.

* E/CN.18/2002/1.

** Prepared by the International Tropical Timber Organization (ITTO); the views and opinions expressed do not necessarily reflect those of the United Nations.

01-72318 (E) 200202

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Introduction

1. In adopting its multi-year programme of work for the period 2001-2005[1] at its first substantive session, the United Nations Forum on Forests recognized the importance, inter alia, of international trade in wood and non-wood products in both developed and developing countries for the realization of the aims of the programme. The Forum also decided that trade would be one of the common items to be addressed at each of its future sessions.[2] Under the Forum's plan of action[3] also adopted at its first substantive session, trade is recognized as having an important role in the achievement of sustainable forest management. Accordingly, international trade and sustainable forest management have been identified as one of the 16 elements that are an important tool for the implementation of the Intergovernmental Panel on Forests/Intergovernmental Forum on Forests (IPF/IFF) proposals for action.[4] With regard to trade as one means of implementation of the plan of action, it has been acknowledged that the buying and selling of wood and non-wood forest products and services, including across international borders, have a profound effect on sustainable forest management, forest harvesting and the value of forest products.[5] Therefore, trade issues should be an integral part of the Forum's work which will endeavour to identify ways in which trade can best support the implementation of the IPF/IFF proposals for action.

I. Background

2. The Rio Declaration on Environment and Development,[6] chapter 11 on combating deforestation and other relevant chapters of Agenda 21,[7] and the Non-legally Binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development of All Types of Forests (the Forest Principles)[8] provide a holistic framework for addressing issues relating to the world's forests including the relationship between trade and sustainable forest management. In identifying international cooperation as one of the critical social and economic dimensions in the effort to achieve sustainable development, particularly in developing countries, chapter 2 of Agenda 21 underlines the importance of the international economy's providing a supportive international climate for realizing environmental and development goals by promoting sustainable development through trade liberalization and making trade and environment mutually supportive (para. 2.3). For forests, this translates into the pursuit of three interrelated objectives:

(a) Promoting sustainable forest management through trade liberalization;

(b) Making trade and sustainable forest management mutually supportive;

(c) Promoting trade in forest products and services, particularly those derived from sustainably managed forest resources.

3. Further guidance on the issue of trade as provided by the framework of the United Nations Conference on Environment and Development includes the following:

- Trade policy measures for environmental purposes should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade (Rio Declaration on Environment and Development, principle 12);
- Efforts of developing countries to strengthen the management, conservation and sustainable development of these forests should be supported taking into account the problem of achieving at least the replacement value of forests through improved market access for forest products, especially processed products (Forest Principles, principle 9 (a));
- Trade in forest products should be based on non-discriminatory and multilaterally agreed rules and procedures consistent with international trade law and practices. In this context, open and free international trade in forest products should be facilitated (Forest Principles, principle 13 (a));
- Reduction or removal of tariff barriers and impediments to the provision of better market access and better prices for higher value added forest products and their local processing should be encouraged (Forest Principles, principle 13 (b));
- Forest conservation and sustainable development policies should be integrated with economic, trade and other relevant policies (Forest Principles, principle 13 (d));

- Trade and other policies and practices that may lead to forest degradation should be avoided (Forest Principles, principle 13 (e));
- Unilateral measures, incompatible with international obligations or agreements, to restrict and/or ban international trade in timber or other forest products should be removed or avoided, in order to attain long-term sustainable forest management (Forest Principles, principle 14).

4. Efforts to build on the first global consensus on forests reached at the United Nations Conference on Environment and Development have been undertaken under the aegis of the United Nations through IPF (1995-1997) and IFF (1997-2000). Emanating from this process are two sets of proposals for action to be implemented by countries and other stakeholders to enhance the management, conservation and sustainable development of all types of forests. In the field of trade and environment, the consensual proposals for action cover a wide range of issues, although there were a number of contentious areas in which consensus was not reached. Following the establishment of the United Nations Forum on Forests and the inclusion of trade in the Forum's multi-year programme of work and plan of action, trade will be one of the common items to be considered at each of its future sessions. In addition, trade will feature as a principal part of the economic aspects of forests which the Forum will focus on at its third session.

II. Matters left pending by the Intergovernmental Panel on Forests/Intergovernmental Forum on Forests (IPF/IFF) process on issues relating to trade

A. Overview of the IPF/IFF process

5. Under IPF, matters on trade were considered under programme element IV: "Trade and environment in relation to forest products and services". Based on its consideration, IPF recommended several proposals for action on issues pertaining to market access, relative competitiveness of forest products, lesser used species, certification and labelling, full-cost internalization and market transparency (see E/CN.17/1997/12). Areas where consensus was reached covered the following proposals for action:

(a) Improve market access:

- Reduce tariff and non-tariff barriers;
- Encourage the private sector and forest owners to promote sustainable forest management;
- Ensure that trade policies take account of community rights;

(b) Improve relative competitiveness of forest products, inter alia, by gathering more information and supporting community-based processing;

(c) Promote use of lesser used species, where consistent with sustainable forest management;

(d) Certification and labelling:

- Ensure that such schemes are not a disguised restriction on trade;
- Enhance the assessment capabilities of developing countries in relation to voluntary certification;
- Support such concepts for certification as: open access and non-discrimination, credibility, non-deceptiveness, cost-effectiveness, participation of all interested parties, sustainable forest management, and transparency;
- Carry out further studies on a range of topics, including effectiveness in promoting sustainable forest management, relationship between criteria and indicators frameworks and certification, equivalency and mutual recognition, and the role of government;

(e) Explore ways to establish full-cost internalization for both wood products and non-wood substitutes;

(f) Expand work on market transparency for trade in forest products.

6. There were, however, a number of options for action on which IPF was not able to reach consensus including:

(a) Possible agreement in respect of issues related to non-discriminatory international trade in forest products from all types of forests;

(b) Relationships between obligations under international agreements and national measures, including actions imposed by subnational jurisdictions.

7. Building upon the progress made by IPF, IFF deliberated on matters relating to trade under programme elements I.a (Promoting and facilitating the implementation of the IPF proposals for action), I.b (Monitoring progress in the implementation of the IPF proposals for action) and II.b (Matters left pending and other issues: trade and environment). The following IFF proposals for action were agreed to (see E/CN.17/2000/14, sect. II, annex, paras. 41-42):

(a) Contribute to achieving trade in wood and non-wood products and services from sustainably managed forests;

(b) Carry out further cooperative work on voluntary certification and labelling while seeking to enhance international comparability;

(c) Carry out analysis of full-cost internalization;

(d) Undertake further work on life-cycle analysis of the environmental impacts of forest products;

(e) Improve market transparency;

(f) Promote international cooperation to reduce illegal trade in wood and non-wood products;

(g) Develop strategies for sustainable forest management with a long-term perspective;

(h) Recognize the special importance of imports of forest products for countries with low forest cover and fragile ecosystems and small island developing States.

8. IFF was not able to reach consensus on:

(a) Reference to the World Trade Organization as one of the parties urged to undertake further cooperative work on voluntary certification and/or labelling schemes;

(b) Support for continued efforts towards trade liberalization, giving special attention to removing trade restrictions which constrain market access, particularly for value-added forest products.

9. These IPF/IFF proposals for action have been subject to varying degrees of implementation by countries and relevant parties. Unlike the more definitive proposals for action, such as those on national forest programmes and criteria and indicators, the IPF/IFF proposals for action on trade and environment in relation to forest products and services are less amenable to fixed targets and timetables for implementation. Accordingly, the implementation of these proposals is likely to be more process-oriented than prescriptive. Nevertheless, further emphasis will be given to the effective implementation of these proposals by the United Nations Forum on Forests under its plan of action. Some of the options for action on which IPF and IFF were not able to reach consensus may have been overtaken by developments in recent years. However, the opportunity remains open for the Forum to consider those options that are still relevant.

B. Global trade and forest resources trends

10. Global production and international trade in forest products have continued to experience significant expansion. According to the Food and Agriculture Organization of the United Nations (FAO), worldwide roundwood production increased from 3.25 billion cubic metres in 1996 to 3.38 billion cubic metres in 2000, with over half of this used as fuelwood, primarily in developing countries. Global production of industrial roundwood rose from 1.50 to 1.515 billion cubic metres over the same period, with about 60 per cent of this being sawn and veneer logs and the rest destined for pulping or other uses. The global value of primary forest products exports (logs, sawnwood, panels, pulp and paper) grew from $134.57 billion in 1996 to $141.56 billion in 1999, with pulp and paper products accounting for the majority of this (almost two thirds in 2000). Global trade in secondary processed wood products has grown more rapidly than that in primary products, rising almost 25 per cent from about $32 billion in 1996 to almost $40 billion in 2000. While trade statistics on non-wood forest products are not well established, the significance of the trade is reflected in the value of trade in bamboo and rattan products estimated at $1.5 billion annually.

11. Although expanding, international trade in forest products remains a relatively small proportion of global production. Approximately one quarter of wood-based panels and paper products and one fifth of sawnwood and wood pulp are traded internationally, while only 7 per cent of global industrial roundwood

output is currently traded. Trade is still dominated by a limited number (mostly developed) countries, although some developing countries are making an impact on certain segments of international trade. The share of secondary processed wood products in the overall international trade in forest products has also expanded, particularly in respect of developing countries. Trade remains concentrated in the three major regions of the Pacific Rim, North America and Europe, with Japan, the United States of America, Canada and the European Union (EU) continuing to be the biggest markets. China has emerged, however, as a significant importer of raw materials and a growing exporter of finished products in recent years. At the same time, the domestic consumption of wood products in developing countries has been increasing rapidly. It is envisaged that forest products from plantations will continue to expand and offset the anticipated reduction in the availability of tropical forest products in the international markets. The share of forest products from plantations is likely to expand further in relation to that of products derived from natural forests.

C. Current status and assessment of developments concerning trade in forest products and services

Market access

12. In recent years, the international trade in forest products has benefited from the provisions of the Uruguay Round of multilateral trade negotiations which secured further reductions in most tariffs for forest products, and reduced uncertainty through the binding of tariffs in major markets, as well as reduced the degree of tariff escalation. However, the continuing use of barriers, particularly non-tariff barriers which are aimed, inter alia, at encouraging domestic processing, promoting products from sustainably managed forests and restricting imports of unsustainably and/or illegally produced forest products, has affected market access for many forest products. Furthermore, in the context of the IPF/IFF process, consensus has yet to be reached in respect of some important issues including removal of unilateral measures to the extent that these are inconsistent with international agreements; removal of unilateral bans and boycotts inconsistent with the rules of the international trade system as called for under principle 14 of the Forest Principles; increased market transparency in order to improve market access for forest products and services, including those coming from sustainably managed forests; and removal of trade restrictions that constrain market access, particularly for value-added forest products.

13. The promotion of trade in forest products and services produced from sustainably managed forests is pivotal to efforts at making trade and sustainable forest management mutually supportive. It is thus a matter of priority that appropriate and workable measures be found to ensure complete market access for these products and services while addressing the concern of developing countries regarding the implications this would have for their exports of products derived from forests that have yet to be sustainably managed. Following the outcome of the fourth Ministerial Conference of the World Trade Organization, held at Doha from 9 to 13 November 2001, opportunities for further improvement of the multilateral trading system are likely to have a salutary effect on the trade in forest products and services if further efforts are focused on reducing tariffs on higher-valued and processed forest products and dismantling existing non-tariff barriers on forest products.

Relative competitiveness of forest products

14. The competitiveness of forest products relative to non-wood competing products and substitutes are determined by technical, specification, supply and cost/price factors. In spite of their being natural and renewable as well as requiring less energy to produce, forest products are being increasingly subjected to the requirements of sustainability and certification which are not necessarily applied to some of the competing products that are non-renewable, non-biodegradable and less environment-friendly. Competitors of forest products, especially those from the steel and plastic industries, are utilizing simplified comparisons to aggressively promote their products in their competition with wood. Comprehensive life-cycle analysis (LCA)-based studies are needed to communicate the real environmental and social impacts of alternative products. The costs of meeting the requirements of sustainability and certification could possibly affect the price competitiveness of forest products vis-à-vis competing products. Substitution of temperate forest products for tropical forest products in some uses has also taken place as a result of technological advancement and product development

coupled with the stability of supply and price competitiveness of temperate forest products. In the context of the IPF/IFF process, proposals for action have been recommended in respect of the gathering of information and the conduct of studies on the potential competition between wood and non-wood substitutes as well as the supporting of developing countries in their effort to increase productivity and efficiency in downstream activities. Appropriate measures are necessary to safeguard and enhance the competitiveness of forest products and to ensure that efforts to meet the requirements of sustainability and certification will not affect the price competitiveness of forest products. IFF also recommended that further work be undertaken on full LCA of the environmental impacts of forest products and their substitutes. There have been some highly positive LCA results for some wood products, suggesting that LCA could be used for positive market promotion of these products. However, this may be seen as yet another requirement for the producers and exporters of forest products who are already faced with the challenges of sustainable forest management and certification.

Lesser used species

15. In spite of the call for the intensification of efforts to promote lesser used species in domestic and international markets, the actual progress achieved in this regard is still limited. Apart from facilitating the development and adaptation of technologies including traditional forest-related knowledge, further work on product development and promotion and marketing of lesser used species is required. Certification has proved to be a tool in assisting some tropical producers in promoting less used species.

Certification and labelling

16. As a market-based tool to promote sustainable forest management per se and to promote trade in forest products from sustainably managed forest resources, voluntary certification of forest management and labelling of forest products have made notable progress in recent years. To date, the area of certified forests is estimated at 118 million hectares compared with 5 million hectares estimated in 1998. More than 97 per cent or 114.85 million hectares of the certified forests are located in temperate countries. Certified forests in tropical countries are currently estimated at only 3.15 million hectares which is less than 0.2 per cent of the 1.7 billion hectares of extant natural tropical forests and less than 3 per cent of the total area of forests presently certified. This is a clear indication of the trend that certification and labelling are progressing, particularly in developed countries, and that tropical and developing countries are lagging behind. There is thus a need to support the efforts by developing countries that want to engage in voluntary certification and labelling to enhance market acceptance of their forest products. This is also applicable to small and medium-sized forest-owners and enterprises in developing and developed countries.

17. In spite of the progress that has been made in the field of certification and labelling, its actual effectiveness in promoting sustainable forest management and related trade has yet to be conclusively affirmed. The uncertainty of securing premiums for certified and labelled forest products in the international markets underscores the concern whether certification and labelling would provide the trade and market incentives for attaining sustainable forest management and meeting its attendant costs. Other concerns relating to proliferation of initiatives, credibility of schemes, compatibility with World Trade Organization and international trade rules, transparency, non-discrimination, costs and affordability, impact on markets and needs for capacity-building have still to be adequately addressed. There are ongoing efforts to enhance comparability of international certification and labelling schemes by examining the possibilities and requirements for a framework and criteria for recognizing credible and accepted schemes, possibly on the basis of mutual recognition.

Valuation of forest products and services and full-cost internalization

18. The desirability of ensuring that forest products and services and their substitutes are adequately valued through full-cost internalization has been emphasized, as this can contribute to the generation of financial flows to sustainable forest management in the long run. In the context of the IPF/IFF process, recommendations were made for analyses of the implications of full-cost internalization for forest management and economic development to be undertaken and for full-cost internalization strategies for forest products and services and their substitutes to be implemented. The practical difficulties related to valuation of forest-based

products and services are due to market and policy limitations which do not make it possible for costs and benefits of non-marketable outputs to be internalized. These should be addressed at the local, national, regional and international levels. At the international level, rules and procedures regarding carbon sequestration benefits are being developed under the Clean Development Mechanism and Joint Implementation of the Kyoto Protocol[9] to the United Nations Framework Convention on Climate Change.[10] The Global Environment Facility (GEF) Operational Programme on Integrated Ecosystem Management as a compensation mechanism for global environment benefits has recently been launched and it is likely to cover several forest activities. The development of international rules or a framework for trading of compensating environmental forest-based benefits is envisaged to feature prominently in the near future. It would be appropriate for work on policy development to be continued regarding the valuation of forest-based products and services, including exploring mechanisms for new strategic and holistic approaches comprising all forest-based benefits, and focusing on such benefits for which the necessary preconditions such as tenure rights, existence of potential markets and verifiability exist.

Market transparency

19. The role of market transparency in promoting the mutually supportive relationship between trade and sustainable forest management has been recognized. Improved information is particularly useful in addressing problems related to illegal trade, transfer pricing and other market distortions. In the context of the IPF/IFF process, all interested parties have been called upon to take action to improve market transparency, taking into account the role of the private sector. The importance of enhancing market transparency has been reinforced in light of increased attention being given to the problems of illegal logging and illegal trade in forest products as well as the challenges of promoting the trade in value-added forest products.

Illegal trade

20. The problem of illegal trade in forest products was first raised at IPF but it has emerged as an issue attracting the growing attention of countries and stakeholders in recent years. The undesirability of illegal trade in forest products including forest-related biological resources, which has been linked to the problems of illegal logging and forest law enforcement, and its damaging impact on efforts to achieve sustainable forest management, on the international trade in forest products and on the revenues of Governments, have been widely recognized. However, the level of effectiveness in efforts to control and reduce illegal trade is still grossly inadequate. Although inextricably related, the decoupling of the various practices of illegal logging from acts of illegal trade covering smuggling, illegal trading, illegal pricing and classification, undocumented trade and illegal trading in forest species included in the appendices to the Convention on International Trade in Endangered Species of Wild Fauna and Flora[11] may be the first logical step towards unravelling these complex issues.

21. The solution to the problem can be found in appropriate measures to be taken at both national and international levels aimed at tightening enforcement, control and supervision; reducing and eliminating incentives for illegal practices by raising the costs and risks of these practices; limiting and impeding access to markets for illegally traded forest products; applying third-party verification of the legality of forest product flows; and enhancing international cooperation and coordination involving the Convention on International Trade in Endangered Species of Wild Fauna and Flora, the World Customs Organization and Interpol. There have been a number of attempts by importing countries to address the issue of illegal trade by means of legislation and policy measures. These include the declaration by Japan that it would not import illegally harvested logs, especially tropical hardwood, the decision of the Parliament of Denmark to restrict the use of tropical timber by public institutions to timber that is legally and sustainably produced, and the policy of the Government of the United Kingdom of Great Britain and Northern Ireland of making it compulsory that timber purchases by its departments should be from documented well-managed sources. The effectiveness of these initiatives to legislate against the importation and use of illegally traded forest products and their implications for non-discriminatory trade in forest products have yet to be conclusively evaluated.

Trade in endangered species

22. In the past, attempts by non-range countries to include commercially important tree species in the appendices to the Convention on International Trade in Endangered Species of Wild Fauna and Flora had been controversial. Nevertheless, no specific conclusion or proposal for action on the issue was adopted under the IPF/IFF process. To date, some 15 timber and wood species have been included in the appendices to the Convention and tree species appear in all of these appendices. In addressing the controversy, a Timber Working Group was established by the Convention to address the technical problems relating to the inclusion of timber species in the appendices to the Convention. Following recent notifications by several countries on the inclusion of *Swietenia macrophylla*, *Cedrela species (spp.)* and *Gonystylus spp.* in appendix III to the Convention, renewed interest has been generated regarding the effects of these inclusions on the international trade in forest products. The Mahogany Working Group has been established by the Convention to examine the status, exploitation, management and trade in big-leaf mahogany throughout the range as well as to review the effectiveness of the appendix III listing, assess information management, study measures to widen the scope of the appendix III listing and examine matters relating to legal and illegal trade.

23. The genuine need to control trade in endangered species through the Convention on International Trade in Endangered Species of Wild Fauna and Flora is fully recognized. The main challenge is to ensure that commercially significant timber species are included in the appendices to the Convention only if and when the scientific criteria are met. In this regard, the Convention is in the process of reviewing the criteria for listing of species in its appendices.

Public procurement policies

24. Public procurement policies are increasingly being used as a potential means to promote sustainable forest management. In the previous decade, several local governments in some importing countries undertook to restrict or prohibit the use of tropical timber in public projects or to require that the product be certified. As noted above, recently the Danish Parliament has taken a decision to restrict the use of tropical timber by public institutions to timber that is legally and sustainably produced; and the Government of the United Kingdom has implemented a policy making it compulsory that timber purchases by government departments shall be from documented well-managed sources. Proposed legislation to set a purchasing preference for certified wood is also under consideration by the New York City Committee on Contracts.

25. The World Trade Organization Agreement on Government Procurement[12] appears to allow sufficient scope for public procurement policies aimed at purchasing forest products from sustainably managed sources, provided that the policies are not expressly aimed at products from particular countries. This is attributed to the exceptions contained in the agreement and its plurilateral nature in that its membership is limited to countries of the Organisation for Economic Cooperation and Development (OECD). Nevertheless, the implications of these policies, particularly in the context of principle 12 of the Rio Declaration on Environment and Development and principle 14 of the Forest Principles, as well as for efforts to promote sustainable forest management, especially in developing countries, should be examined.

International obligations and agreements

26. The outcome of the 2001 World Trade Organization Ministerial Conference, held at Doha, augurs well for the future of the multilateral trading system as embodied in the World Trade Organization despite the current global economic downturn. Under its adopted work programme, the World Trade Organization has agreed, inter alia, to negotiations on market access for non-agricultural products aimed at reducing, or as appropriate, eliminating tariffs including the reduction or elimination of tariff peaks, high tariffs and tariff escalation, as well as non-tariff barriers, in particular on products of export interest to developing countries. For forest products, most tariffs on primary products are already at low or zero levels. Hence, the reduction or elimination of tariffs on higher-value and processed products including tariff peaks and tariff escalation, together with the dismantling of existing non-tariff barriers, should be the focus if the new round of negotiations is to have further salutary impact on the trade in forest products and services. The impact of further trade liberalization and globalization in relation to forest products and services on sustainable forest management and the environment should also be examined.

27. With regard to trade and environment, the World Trade Organization has agreed to negotiations on the relationship between existing World Trade Organization rules and specific trade obligations set out in multilateral environmental agreements (MEAs),[13] procedures for regular information exchange between MEA secretariats and the relevant World Trade Organization committees, and the reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services. The World Trade Organization Committee on Trade and Environment has been instructed to give attention to the effect of environmental measures on market access, especially in relation to developing countries, the relevant provisions of the Agreement on Trade-related Aspects of Intellectual Property Rights[12] and labelling requirements for environmental purposes. The direction and outcome of the deliberations on these elements of the World Trade Organization work programme are expected to have some implications for the work of the Forum in enhancing the mutually supportive relationship between trade and sustainable forest management. The Forum should therefore take advantage of this opportunity to offer appropriate advice and recommendations to the World Trade Organization with regard to the implementation of the elements of its work programme that are of relevance to the international trade in forest products and services.

28. A comprehensive assessment of the progress made towards the achievement of the International Tropical Timber Organizations (ITTO) Year 2000 Objective was carried out in 2000. The objective embodies the commitment of all producing and consuming members by which they, through international collaboration and national policies and programmes, would progress towards achieving sustainable management of tropical forests and trade in tropical timber from sustainable resources by the year 2000. In essence, the assessment indicated that encouraging progress has been achieved, particularly in the area of policy and legislation reform. Nevertheless, problems of full implementation are still existent, inter alia, with regard to illegal logging and poaching, application and enforcement of rules and guidelines, sustainable harvesting and reduced-impact logging. Following the assessment, producing and consuming members of ITTO reaffirmed their full commitment to moving as rapidly as possible towards achieving exports of tropical timber and timber products from sustainably managed sources under the ITTO Year 2000 Objective.

III. Linkages/relationship of trade with elements to be focused on at the second session of the Forum

29. In accordance with its multi-year programme of work, the Forum has decided that its second session will focus on the following elements:

(a) Combating deforestation and forest degradation;

(b) Forest conservation and protection of unique types of forests and fragile ecosystems;

(c) Rehabilitation and conservation strategies for countries with low forest cover;

(d) Rehabilitation and restoration of degraded lands and the promotion of natural and planted forests;

(e) Concepts, terminology and definitions.

30. The linkage and relationship between international trade and sustainable forest management should be viewed in the context of the pursuit of the three interrelated objectives indicated in paragraph 2 above. In addition, reference should be made to the relevant principles of the Rio Declaration on Environment and Development and the Forest Principles as highlighted in that paragraph and, in particular, to principle 12 of the Rio Declaration and principles 9 (a) and 13 (d) and (e) of the Forest Principles. In essence, it is imperative that international trade in forest products and services be carried out in support of sustainable forest management and that international trade and sustainable forest management be made mutually supportive in order to generate synergy in support of sustainable development. From this perspective, international trade in forest products and services, particularly those derived from sustainable managed forest resources, should be promoted and facilitated.

31. The impact of the expansionary trend in the international trade in forest products on the state of the world's forests, which have been suffering from destruction, degradation and decline over the centuries, is a subject of critical importance and relevance for deliberation by the Forum. Although expanding, the volume of world trade in forest products remains

relatively small in comparison with the volume of global production. As such, trade can still be regarded as having a lesser impact on the world's forests vis-à-vis the major underlying causes of deforestation and forest degradation and decline within and beyond the forest sector, such as poverty, land-use policies and energy. Yet, with demand for forest products projected to rise even higher in tandem with the continuing growth in the population of the world, the need to ensure that international trade is not increasingly linked to the problems of overexploitation of forest resources, erosion of forest biological diversity, resource depletion, forest law infringement, illegal logging and illegal trade has become critically important. It is thus essential that international trade in forest products be conducted and promoted not in a manner that will contribute to deforestation and forest degradation but in a way that is supportive of sustainable forest management and efforts at conserving, protecting, rehabilitating and restoring the world's forests and ecosystems.

IV. Suggestions for consideration by the Forum at its second session

32. Trade has been accorded due importance within the overall mandate of the United Nations Forum on Forests. It has been included in the Forum's multi-year programme of work as one of the common items to be considered at each of its future sessions as well as in its plan of action, which will also be considered at each of these sessions. In addition, trade will feature as a principal part of the economic aspects of forests which the Forum will focus on at its third session. In view of these provisions, the Forum will have the opportunity to deliberate on issues relating to trade and sustainable forest management in a comprehensive manner and to build on the progress that has been made since the United Nations Conference on Environment and Development and the IPF/IFF process. In this connection, the Forum may wish to consider its work on trade and sustainable forest management in accordance with the provisions in its mandate as follows:

(a) Implementation of the plan of action

Under this category, the Forum may consider at each of its future sessions the extent to which the adopted IPF/IFF proposals for action relating to trade and sustainable forest management are being effectively implemented in the context of its plan of action. Based on its monitoring and assessment, the Forum may make recommendations on how these proposals could be more effectively implemented. The work of the Forum in this area should focus on the implementation of the specific IPF/IFF proposals for action relating to market access, relative competitiveness, lesser used species, certification and/or labelling, full-cost internalization, market transparency, illegal trade, trade in wood and non-wood products and services from sustainably managed forests, life-cycle analysis of the environmental impacts of forest products and substitutes, long-term perspective of strategies for sustainable forest management, and the special importance of imports of forest products for countries with low forest cover and fragile ecosystems and small island developing States. Emphasis should be placed on identifying the factors constraining or impeding the full implementation of these proposals for action with a view to formulating appropriate measures to overcome the obstacles. The outcome of the Forum's consideration of this category of work should also serve as a relevant input in facilitating the Forum's deliberation on matters relating to trade as a common item and as one of the economic aspects of forests;

(b) Trade as a common item

Under this category, the Forum may undertake a review of the developments as regards trade in forest products and services and address specific issues on trade for substantive consideration at each of its future sessions. These developments and issues may comprise (i) recent and latest developments in respect of the specific IPF/IFF proposals for action included in the plan of action as referred to in category (a) above, (ii) new and emerging issues as contained in section II.C of this note and (iii) other issues or matters that the Forum deems relevant. Some of the germane developments and issues include:

- Efforts by countries to reduce or, as appropriate, eliminate tariff and non-tariff barriers to trade in forest products and services, particularly in the context of the negotiations as scheduled in the World Trade Organization work programme adopted at the Doha 2001 World Trade Organization Ministerial Conference, with emphasis on non-tariff barriers and tariffs on high-valued and processed products;

- Promotion of trade in forest products and services produced from sustainably managed forests and its implications for trade in products and services from forests that have yet to be sustainably managed;
- Review of the actual level of competitiveness of forest products in relation to non-wood competing products and substitutes in light of meeting the requirements for sustainable forest management, certification, life-cycle analysis and legal compliance;
- Promotion of cooperative work on certification and labelling with emphasis on supporting developing countries that want to engage in voluntary certification and labelling to enhance market acceptance of their forest products and on ongoing efforts to enhance comparability of international certification and labelling schemes;
- Addressing constraints on, and difficulties in, enhancing valuation of forest-based products and services and attaining full-cost internalization and capitalizing on emerging opportunities relating to carbon sequestration benefits;
- Improving market transparency in light of problems of illegal logging, illegal trade in forest products and promoting trade in value-added forest products;
- Enhancing effectiveness of efforts to control and reduce illegal trade in forest products through national actions and international cooperation;
- Impact of the inclusion of commercially significant timber species in the appendices to the Convention on International Trade in Endangered Species of Wild Fauna and Flora on international trade in forest products;
- Implications of public procurement policies for international trade in forest products and efforts to promote sustainable forest management, especially in developing countries;

(c) Trade as one of the economic aspects of forests

Under this category, the Forum is scheduled to consider trade as one of the principal economic aspects of forests at its third session in 2003. A report of the Secretary-General on the element will be prepared to facilitate its consideration by the Forum. It will, inter alia, highlight the overall role of trade in forest products and services in optimizing the economic functions of forests in full support of sustainable forest management and address germane issues including the economic feasibility and viability of sustainable forest management and the impact of further trade liberalization and globalization in relation to forest products and services on sustainable forest management.

33. In determining its work on trade and sustainable forest management, the Forum may wish to take full cognizance of the priority of ensuring the full and effective implementation of the IPF/IFF proposals for action on trade and environment in relation to forest products and services.

Notes

[1] See *Official Records of the Economic and Social Council, 2001, Supplement No. 22* (E/2001/42/Rev.1), part two; chap I, sect. B, resolution 1/1.

[2] Ibid., resolution 1/1, para. 6.

[3] Ibid., resolution 1/2, annex.

[4] Ibid., resolution 1/2, annex, para. 15 (o).

[5] Ibid., para. 20.

[6] *Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992*, vol. I, *Resolutions Adopted by the Conference* (United Nations publication, Sales No. E.93.I.8 and corrigendum), resolution 1, annex I.

[7] Ibid., annex II.

[8] Ibid., annex III.

[9] FCCC/CP/1997/7/Add.1, decision 1/CP.3, annex.

[10] United Nations, *Treaty Series*, vol. 1771, No. 30822.

[11] Ibid., vol. 993, No. 14537.

[12] See *Legal Instruments Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, done at Marrakesh on 15 April 1994* (GATT secretariat publication, Sales No. GATT/1994-7).

[13] It was agreed in this connection that the negotiations shall be limited in scope to the applicability of such existing WTO rules as subsist among parties to the multilateral environment agreement (MEA) in question and that the negotiations shall not prejudice the World Trade Organization rights of any member that is not a party to the MEA in question.

United Nations E/CN.18/2002/6

Economic and Social Council

Distr.: General
27 December 2001

Original: English

United Nations Forum on Forests
Second session
4-15 March 2002
Item 3 (b) (i) of the provisional agenda*
Implementation of the proposals for action of the Intergovernmental Panel on Forests/Intergovernmental Forum on Forests and the plan of action of the United Nations Forum on Forests: progress in implementation

Combating deforestation and forest degradation

Report of the Secretary-General

Summary

The present report summarizes the progress made in implementing the Intergovernmental Panel on Forests/Intergovernmental Forum on Forests proposals for action relating to combating deforestation and forest degradation. Reference is made to national reports submitted to the Commission on Sustainable Development and reports of intersessional workshops, among other sources. These sources indicate that significant progress has been made in implementing the proposals for action. There has been substantial progress in the development of national policies relating to forests, often including participation by an increased range of stakeholders. Such developments have often, but not exclusively, been undertaken under the auspices of a national forest programme. Substantial progress has also been made in the development of criteria and indicators for sustainable forest management. Despite such positive trends, total forest area continues to decline in most regions of the world. Although substantial areas of plantation forests have been established, there is little evidence that the deforestation and degradation of natural forests has declined as a result.

Although progress has been made in analysing the underlying causes of deforestation, the findings do not appear to have contributed significantly to the policy developments that have taken place. There is therefore a need to incorporate research findings into national policies if deforestation is to be combated successfully. In addition, many countries have been unable to implement the

* E/CN.18/2002/1.

01-72312 (E) 200202

strategies that they have developed. The main reasons for this, indicated in almost all country reports, are the shortage of funds and of qualified and well-trained personnel. This report also identifies three key emerging issues, namely, forest law enforcement, forest fires and so-called perverse subsidies. It is proposed that future action of the United Nations Forum on Forests focus on developing specific actions to address these causes of deforestation and forest degradation.

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I. Introduction

1. The Intergovernmental Panel on Forests/Intergovernmental Forum on Forests (IPF/IFF) process recognized that deforestation and forest degradation constituted a serious problem in many countries. The causes are complex. Many of the factors causing deforestation and forest degradation interact and some are synergistic. Many lie outside the forest sector, while others are linked to it. Most are socio-economic in nature. Experience accumulated in the last decades has shown the need to address the underlying causes, rather than symptoms, of deforestation and forest degradation, and has uncovered the major weaknesses of many current policies and strategies adopted to support and develop the multiple ecological, socio-economic and cultural roles of forests. Deforestation and forest degradation have national, transboundary, regional and global environmental consequences. In many cases, a lack of understanding of the underlying causes has led to inappropriate strategies for addressing the issue.

2. At its first meeting, the United Nations Forum on Forests decided, in its decision 1/2 (see E/2001/42 (Part II)) that its multi-year programme of work would embody Economic and Social Council resolution 2000/35 of 18 October 2000, with concrete activities defined for the next five years, focusing in particular on the implementation of the IPF/IFF proposals. The purpose of the present report is to support the activities carried out under the multi-year programme of work until the review of progress and consideration of future actions, scheduled for the fifth session of the Forum, has been conducted. The report describes progress made towards implementing the IPF/IFF proposals for action relating to the theme of combating deforestation and forest degradation. The short time interval between the first and second sessions of the Forum and the lack of a monitoring and reporting system within the Forum have been major constraints in preparing the report. It was prepared by the United Nations Environment Programme (UNEP) as the focal agency within the Collaborative Partnership on Forests for this programme element. Inputs and comments from other Partnership members and the United Nations Forum on Forests secretariat were provided during the preparation process.

II. Background

3. For the purposes of the present report, the IPF/IFF proposals for action relevant to the United Nations Forum on Forests element (combating deforestation and forest degradation) have been summarized by grouping related ones together. These summarized proposals for action are based on the Practitioner's Guide for the Implementation of the Intergovernmental Panel on Forests Proposals for Action, produced by the Six-Country Initiative in Support of the Intergovernmental Forum on Forests (Finland, Germany, Honduras, Indonesia, Uganda and the United Kingdom of Great Britain and Northern Ireland), and the Australian summary of the Intergovernmental Panel on Forests proposals for action. A number of proposals specifically relating to indigenous peoples and traditional forest-related knowledge will be addressed at the fourth session of the United Nations Forum on Forests and have therefore been omitted from this summary. The proposals summarized below do not replace the text negotiated by IPF and IFF.

Implementation of forest-related decisions at the national level

	Proposal for action	*Reference* IPF[a]	IFF[b]
I.	Study and analyse the historical and underlying causes of deforestation and forest degradation, including the impact of transboundary pollution, poverty, fuelwood collection and processes outside the forest sector, to provide factual information for improved public understanding and forest decision-making. Develop and test the usefulness of the diagnostic framework (see E/CN.17/1997/12, paras. 25 and 26) as an analytical tool in assessing options for forest utilization, then apply it more widely.	27 (a)-(c), 30 (a) and 31 (a) and (b)	64 (a) and (b)
II.	Provide information on underlying causes of deforestation and forest degradation and the multiple roles of forests, on the national, regional and international scale, and create awareness in the society at large on the importance of issues related to deforestation and forest degradation.	28 (c), 30 (a) and 31 (c)	64 (e)
III.	Enhance the role of forest plantations as an important element of sustainable forest management and as a mechanism for reducing deforestation and the degradation of natural forests.	28 (b)	64 (g)
IV.	Assess the long-term trends in the supply and demand for wood, promote sustainability of supply and strengthen institutions involved in forest and plantation management.	28 (a)	
V.	Develop and implement integrated national policies, strategies, economic instruments and mechanisms for supporting sustainable forest management and addressing deforestation and forest degradation in a participatory manner.	29 (a) and (b)	115 (c) and (g)
VI.	Improve cooperation, coordination and partnerships in support of sustainable forest management within a national forest programme by involving relevant stakeholders, including indigenous people, forest owners, women and local communities, in forest decision-making and utilizing appropriate expertise in international organizations.	17 (b), (f), (h) and (i), 40 (e), (g) and (n) and 77 (c) and (f)	19 (b), 64 (b), 66 and 140 (a)
VII.	Monitor, evaluate and report on progress in implementing a national forest programme, including the use of criteria and indicators to assess trends in the state of forests and progress towards sustainable forest management.	17 (a) and (d) and 71 (b)	17 (d) and 19 (a)

	Proposal for action	Reference IPF[a]	Reference IFF[b]
VIII.	Involve all interested parties in the extension, planning, implementation, monitoring and evaluation of forest research, with a focus on on-site research to support the implementation of national forest programmes.	17 (e) and 94 (d)	96 (d)
IX.	Introduce positive incentives to help combat deforestation and forest degradation.	-	64 (h)
X.	Formulate policies aimed at securing land tenure for local communities and indigenous people, including policies aimed at the fair and equitable sharing of the benefits of forests, and develop mechanisms to improve land access and use of forest resources on a sustainable basis.	29 (c)	64 (c) and (d)

[a] References are to paragraphs in the final report of the Intergovernmental Panel on Forests (E/CN.17/1997/12).

[b] References are to paragraphs in the final report of the Intergovernmental Forum on Forests (E/CN.17/2000/14).

International cooperation in financial assistance and technology transfer

	Proposal for action	Reference IPF[a]	Reference IFF[b]
XI.	Continue the implementation of various measures aimed at effective, equitable, development-oriented and durable solutions to the external debt and debt-servicing problems of developing countries, particularly the poorest and heavily indebted countries, including exploring the opportunities for innovative mechanisms, such as debt-for-nature swaps related to forests and other environmentally oriented debt-reduction programmes.	67 (g)	
XII.	Support and promote local community involvement in sustainable forest management through technical guidance, capacity-building, information dissemination and provision of economic incentives and legal frameworks and by facilitating access to domestic and external markets of forest products and services.	70 (c) and 77 (f)	64 (f) and (i)

[a] References are to paragraphs in the final report of the Intergovernmental Panel on Forests (E/CN.17/1997/12).

[b] References are to paragraphs in the final report of the Intergovernmental Forum on Forests (E/CN.17/2000/14).

International organizations and multilateral institutions and instruments

Proposal for action	*Reference*	
	IPF[a]	*IFF*[b]
XIII. Analyse the impact of foreign debt on deforestation and forest degradation and explore innovative financial approaches and schemes for helping countries to promote sustainable forest management.		64 (j)
XIV. Study the relationship of land tenure issues to deforestation and forest degradation.		67

[a] References are to paragraphs in the final report of the Intergovernmental Panel on Forests (E/CN.17/1997/12).

[b] References are to paragraphs in the final report of the Intergovernmental Forum on Forests (E/CN.17/2000/14).

III. Implementation of the Intergovernmental Panel on Forests/Intergovernmental Forum on Forests proposals for action and the United Nations Forum on Forests plan of action

A. Progress in implementation

4. Many activities are being undertaken by countries, multilateral organizations and stakeholders either in direct response to the IPF/IFF proposals or in support of them. The present report attempts to provide an overview of such activities corresponding to the specific proposals for action. At present, there is no formal monitoring and reporting system within the United Nations Forum on Forests. As a consequence, the findings of the report should be considered tentative and incomplete. In order to assess action towards implementation, the following sources were consulted:

(a) National reports submitted to the Commission on Sustainable Development;

(b) Reports of relevant intersessional workshops and associated documentation (e.g., the Six-Country Initiative and the Eight-Country Initiative);

(c) Responses to an informal questionnaire circulated to more than 100 national contact points; 9 responses were received and analysed;

(d) Collaborative Partnership on Forests members and a number of both multilateral and non-governmental organizations were also invited to report on relevant activities undertaken;

(e) Surveys of the implementation of the proposals, for example *Keeping the Promise?*[1] a review undertaken by non-governmental organizations (NGOs) and indigenous peoples' organizations in select countries;

(f) "Global Forest Resources Assessment 2000" and *State of the World's Forests 2001*, produced by the Food and Agriculture Organization of the United Nations (FAO).

5. The national reports to the Commission on Sustainable Development were to report specifically on the implementation of all chapters of Agenda 21,[2] in accordance with General Assembly resolution 50/113 of 20 December 1995. The information in these reports relating to forests varies substantially in detail. In addition, many of the reports have not been updated in several years, and therefore are of limited value for assessing national implementation of the IPF/IFF proposals. Profiles were consulted for 86 countries. Only 37 per cent of these referred explicitly to the IPF/IFF proposals. However, 51 per cent of countries reported that forest policies had recently been revised, often in the light of the proposals.

6. Particular reference was made to the report of the Global Workshop on Addressing the Underlying Causes of Deforestation and Forest Degradation, held in San José, from 18 to 22 January 1999 (E/CN.17/IFF/1999/18, annex), which explicitly aimed to support the implementation of the related IPF proposals for action. The global workshop was preceded by a workshop for indigenous peoples' organizations and seven regional workshops, held between July 1998 and January 1999 in Canada, Chile, Ecuador, Fiji, Germany, Ghana, Indonesia and the Russian Federation. The workshops were organized by the Joint Initiative on Addressing the Underlying Causes of Deforestation and Forest Degradation. Action taken to implement the proposals are summarized in the annex.

(a) Country experiences and lessons learned

7. The Joint Initiative on Addressing the Underlying Causes of Deforestation and Forest Degradation highlighted the value of exchanging information concerning country experiences by profiling case studies through a series of workshops. The workshops were highly participatory, involving a wide range of stakeholders, and were of undoubted value in exchanging information and identifying underlying causes common to different countries. However, the fact that the results of the different case studies were not presented within a consistent framework hindered comparison. Although reference was made to the diagnostic framework explicitly mentioned in the relevant IPF proposal for action, the case studies provided little evidence of application of the framework, and provided an inadequate basis for evaluating the usefulness of this approach. As a result, it is difficult to generalize from the information provided; it is not clear how representative the case studies were.

8. These experiences, together with methodological refinement and other research initiatives such as those undertaken by the Centre for International Forestry Research (CIFOR), highlight the difficulty of analysing the underlying causes of deforestation: the issue is complex and not readily amenable to analysis. Further development of diagnostic tools to assess such processes may therefore be necessary. In particular, there is a need to build capacity within countries to make it possible for such analyses to be undertaken at the national level.

9. The importance of recognizing the direct and indirect causes of forest loss is widely appreciated by countries, together with an understanding that these causes are in most cases political in nature. The successful implementation of the proposals for action at the country level therefore relies greatly on the political will of

Governments and civil society. Significant progress has undoubtedly been made towards implementing some of the proposals for action. For example, most countries have developed national policies relating to forests in recent years, often through increased dialogue with different stakeholders. Substantial efforts have also been directed at developing criteria and indicators for sustainable forest management, reflected in the initiation of nine major processes, collectively involving more than 140 countries. However, analyses indicate that deforestation is continuing in most regions of the world (see table 1), suggesting that forest policies still do not adequately address the underlying causes of deforestation and forest degradation. This may be attributed partly to inadequate cross-sectoral policy harmonization, a lack of integration between research on underlying causes and policy development, an issue of relevance to the task force developed recently by the International Union of Forest Research Organizations.

Table 1
Change in forest cover 1990-2000

	Total forest (thousands of hectares)		*Forest cover change (1990-2000)*	
Country/area	*1990*	*2000*	*Annual change (thousands of hectares)*	*Annual change rate (percentage)*
Africa	702 502	649 866	-5 262	-0.78
Asia	551 448	547 793	-364	-0.07
Oceania	201 271	197 623	-365	-0.18
Europe	1 030 475	1 039 251	881	0.08
North and Central America	555 002	549 304	-570	-0.10
South America	922 731	885 618	-3 711	-0.41
World	3 963 429	3 869 455	-9 391	-0.22

Source: "Global Forest Resources Assessment 2000", Food and Agriculture Organization of the United Nations.

10. One of the key proposals for addressing deforestation and forest degradation relates to enhancing the role of planted forests in sustainable forest management. Substantial increases in the area of planted forests have been recorded in many countries. However, approximately half of these have been established by conversion from natural forest (table 2), illustrating that the establishment of plantations can in some cases be considered as a cause of deforestation, rather than as a mechanism for reducing it.

Table 2
Annual change in the area of planted forests, 1990-2000 (millions of hectares per year)

	Gain		
Domain	*Conversion from natural forest*	*Afforestation*	*Net change*
Tropical areas	+1.0	+0.9	+1.9
Non-tropical areas	+0.5	+0.7	+1.2
World	+1.5	+1.6	+3.1

Source: Food and Agriculture Organization of the United Nations.

11. Overall, the most significant constraints to implementation of the IPF/IFF proposals for action reported by countries are:

(a) A lack of institutional capacity and technical expertise;

(b) A lack of available finance, attributed partially to a decline in official development assistance, international debt and economic crises;

(c) Low political commitment to the forest sector.

12. Other constraints to implementation identified by countries included inadequate:

(a) Public and stakeholder participation, reflecting in part a lack of public awareness;

(b) Information reflecting limited capacity in research and information management;

(c) Institutional coordination, particularly with respect to the need to consider forest issues in an intersectoral environment;

(d) Management of the transition from State ownership of forests to increased private ownership and the transfer of responsibilities through decentralization and privatization;

(e) Infrastructure;

(f) Compatibility between the IPF/IFF proposals for action and priority areas for Governments, such as poverty eradication;

(g) Involvement of some stakeholders, including women, indigenous people and forest dwellers;

(h) Coordination between donor activities;

(i) Incentives for rural populations to conserve and manage their local forest resources or the existence of substantial disincentives;

(j) Support by Governments to provide the local organizations to which they devolve responsibility, with sufficient real authority and support to enable them to exercise their rights and manage their forests effectively.

(b) Emerging issues relevant to country implementation

13. The Joint Initiative on Addressing the Underlying Causes of Deforestation and Forest Degradation highlighted underlying causes of particular importance, including the lack of access to land and resources, unequal terms in the current international trade regime, undervaluation of most forest services, illegal logging and inappropriate government policies, such as road-building and subsidies. Global trends affecting the implementation of the proposals include a decrease in traditional sectoral approaches, increasing reliance on market-based instruments, greater roles for NGOs and the private sector, a focus on decentralization and participation and macroeconomic reforms and globalization.

14. Research by CIFOR on underlying causes has suggested that:

(a) Capital-intensive technologies suited for agricultural frontier conditions and production for export are likely to increase the conversion of forest land;

(b) Commercial factors and macroeconomic changes can have a far greater impact than shifting agriculture practices on deforestation and forest degradation;

(c) The decentralization that is occurring in many tropical countries can bring benefits to many poor rural people in heavily forested areas, including greater access to forest resources, but weak local technical capacity, limited national support and organizational problems among small-scale loggers undermine prospects for sustainable forest management.

15. A key issue that has emerged recently is forest law enforcement, from the recognition that the illegal harvesting of forest products, illegal trade, wildlife poaching and corruption are major threats to forests worldwide. In May 1998, the Group of Eight Major Industrialized Countries launched an Action Programme on Forests, which allots high priority to solving the problem of illegal logging. The Forest Law Enforcement and Governance East Asia Ministerial Conference, which took place in Bali, Indonesia, from 11 to 13 September 2001, was aimed at sharing information and experience on forest law enforcement. The meeting resulted in a ministerial declaration in which participating countries committed to intensify national efforts, to strengthen bilateral, regional and multinational collaboration to address violations of forest law and forest crime and to create a regional task force on forest law enforcement and governance to advance the declaration's objectives. The declaration also called for the United Nations Forum on Forests to give greater consideration to the issue of forest crime.

16. A second emerging issue highlighted by a large number of countries is forest fire, particularly in the wake of the catastrophic fires of 1998 and their threat to the global environment and regional stability. There is a clear need to analyse the underlying causes of fire, building on research activities of organizations such as CIFOR. The results of such research need to be transferred into policy, and the capacity of countries to predict and manage fire needs to be strengthened. Initiatives such as Project FireFight, a global programme that addresses the underlying causes of forest fires, may provide a suitable model for further action. The project is a collaborative effort between the World Conservation Union, the World Wildlife Fund, CIFOR, the Global Fire Monitoring Centre, the Food and Agriculture Organization of the United Nations (FAO) and UNEP, and identifies stakeholders, their fire use and practices and ways in which they can work to improve fire management policies. Information services such as the Global Fire Monitoring Centre can also play an important role in identifying and responding to fire risks.

17. A third emerging issue relates to the so-called perverse subsidies, which are widely recognized as a major underlying cause of deforestation. Some countries are undermining forest protection through the provision of subsidies that accelerate forest loss or degradation, including support for road construction and other infrastructure that benefits logging companies, and provision of grants and loans to companies engaged in logging.

(c) Promoting public participation

18. Overall, progress in promoting public participation in action directly in support of the IPF/IFF proposals for action appears to be limited. A number of national and international NGOs and indigenous peoples' organizations have played a major role in raising awareness of deforestation issues among the general public, for example, through the development of campaigns. Deforestation has also become the focus of

increased attention in both national and international media. There has undoubtedly been an international trend towards increased stakeholder involvement in the development of national forest policies, and in many countries this has involved public consultation processes, including public meetings and provision of discussion forums. Some countries report specific actions encouraging involvement of the public at large directly in reforestation activities, for example, by forming voluntary brigades and youth groups and through tree-planting campaigns.

19. There is widespread recognition in many countries that stakeholder participation in sustainable forest management must be strengthened, in accordance with guidelines for the development of national forest programmes agreed upon by IPF. Global trends towards decentralization could provide opportunities to achieve this, particularly if bridges between the national and subnational levels in policy development and implementation can be strengthened. Some countries also report significant progress in strengthening public involvement in action designed to reduce pressure on forests, such as recycling schemes for wood products and promotion of certified wood products. This is done by raising public awareness through information campaigns, such as the incorporation of forest issues in secondary school curricula. However, some countries report significant public apathy towards environmental conservation ethics and practices, and note that for the general public in many tropical countries, deforestation issues are given low priority compared with the daily struggle for livelihood.

(d) Enabling environment

20. In many countries there have been significant improvements regarding the legal framework for sustainable forest management and forest-related policies. At the national level, a key problem is the low commitment and priority accorded to the forest sector, often caused by a failure to demonstrate the contribution of the sector to socio-economic development. Accordingly, opportunities for funding are often missed by not linking forests to priority concerns such as poverty reduction and sustainable development. A continuing decline in commodity prices at the international level is preventing the forest sector from yielding adequate surpluses for investment in sustainable forest management. Markets for forest products tend to favour low-priced products, often coming from non-sustainable harvesting. Promoting remunerative trade and fair prices therefore has a potentially important role in making sustainable forest management possible.

21. Other important factors constraining investment are insecure tenure, policy and market failures, high levels of actual and perceived risk owing to factors outside sectoral control, lack of suitable credit options and weak and unstable regulatory environments that encourage rather than discourage unsustainable or illegal logging practices. Factors that would raise operational costs or reduce returns (such as over-regulation, undeveloped markets, etc.) act as disincentives to private investors in sustainable forest management. Making sustainable forest management more profitable and less risky through policy interventions would increase the self-financing prospects of the sector and permit the mobilization of new private investment. However, in many countries there is a need for external public funding to support capacity-building, the development of appropriate legal frameworks and the creation of socio-economic conditions conducive to investment in sustainable forest management. Many developing countries face a general lack of funds, too few professional people and communication problems. As a result, the practical

implementation of national forest programmes and criteria and indicators for sustainable forest management needs strengthening. In contrast, the Joint Initiative on Addressing the Underlying Causes of Deforestation and Forest Degradation noted that in some countries undergoing rapid economic development, economic growth is being achieved at the expense of environmental conservation and social justice.

(e) International and regional cooperation

22. The need for international and regional cooperation in both identifying and addressing the underlying causes of deforestation is recognized by many countries. Substantial efforts have been made to develop such cooperation. Examples of initiatives relevant to the theme of the present report include:

(a) The Joint Initiative on Addressing the Underlying Causes of Deforestation and Forest Degradation, established in 1997, which involved a participatory process from the local to the international level, undertaken in seven regions and globally. The Initiative also established new partnerships among countries, NGOs and United Nations agencies;

(b) In 1998 the Six-Country Initiative in Support of the Intergovernmental Forum on Forests was carried out by Finland, Germany, Honduras, Indonesia, Uganda and the United Kingdom to test the implementation of the IPF proposals for action at the national (or in one case federal state) level. Based on this experience, a "Practitioners Guide for the Implementation of the Intergovernmental Panel on Forests Proposals for Action" was developed;

(c) In September 2000, the government-led Eight-Country Initiative was launched by Australia, Brazil, Canada, France, Germany, the Islamic Republic of Iran, Malaysia and Nigeria, aiming to assist the international community in developing the multi-year programme of work of the United Nations Forum on Forests;

(d) The International Tropical Timber Organization (ITTO) Objective 2000 embodies members' commitment to move as rapidly as possible towards achieving exports of tropical timber and timber products from sustainably managed sources through international cooperation and national policies and programmes and involving the Bali Partnership Fund as an additional financial mechanism;

(e) The Group of Eight Action Programme on Forests, which represents the first consolidated experience for the members of the Group of Eight in working together on the world's forests, includes strengthening or initiating bilateral activities with partner countries to support national forest programmes;

(f) The Ministerial Conference on the Protection of Forests in Europe provides a forum for developing regional cooperation relating to the implementation of IPF/IFF proposals in Europe.

B. Means of implementation

(a) Finance

23. The inadequate availability of financial resources is widely acknowledged to be a major constraint in the implementation of the IPF/IFF proposals aimed at

combating deforestation. However, there is a lack of detailed information on current financial flows affecting forests. In particular it is difficult to differentiate between financial flows that effectively combat deforestation and those that may promote it (e.g., perverse incentives).

24. Forestry funding comes from three main sources: domestic official allocations; external official development assistance; and the commercial private sector (both domestic and foreign). Non-profit funding sources such as trust funds are also emerging, principally to support the environmental and conservation activities of NGOs or community groups. In all developing regions, high priority is given to investment in forest resources development, including the establishment of plantations. In general, the developing countries also give prominence to forest industries, utilization of forest products or other value-adding activities, while their external partners that provide official development assistance have recently tended to favour natural resource conservation.

25. The provision of official development assistance for the forestry sector by a variety of donor countries, plus multilateral organizations such as the Organisation for Economic Cooperation and Development, FAO, the United Nations Development Programme (UNDP), ITTO, the World Food Programme, the European Commission, the World Bank and the regional development banks, totalled an estimated $1.0 to 1.5 billion from 1995 to 1997, representing a decline from a peak of over $2 billion in the early 1990s.[3] As stated above, there are no data available to assess to what extent this funding was successfully directed towards combating deforestation. The declining trend in official development assistance (see table 3) is recognized by a number of recipient countries as a significant factor constraining the implementation of the proposals for action.

26. In the context of the present report, the key issue is whether sufficient financial support is available to implement the IPF/IFF proposals relating to combating deforestation and forest degradation. Data of sufficient precision are not available to address this question, except in very general terms. Information on financial flows from sources other than official development assistance is particularly lacking. With respect to official development assistance, an analysis of the information available suggests that institutional development tends to attract a greater proportion of the external aid required than sustainable development of forest resources, with assessment and monitoring receiving the lowest proportion of resources required. There are also significant differences between regions in the amount of official development assistance received.

Table 3
Estimated official development assistance flows to the forestry sector (commitments, 1996, in millions of United States dollars)[3]

	1988	*1989*	*1990*	*1991*	*1992*	*1993*	*1994*	*1995*	*1996*[a]	*1997*[a]
Bilateral										
Non-European Union	470	330	432	522	401	357	283	458	511	301
European Union[b]	504	548	605	630	624	500	515	531	469	456
Total	**974**	**878**	**1 037**	**1 152**	**1 025**	**858**	**798**	**989**	**980**	**757**
Multilateral										
Multilateral development banks	470	384	902	487	958	300	820	177	148	271
United Nations agencies	249	247	241	240	230	212	253	235	220	217
Total	**719**	**632**	**1 143**	**727**	**1 187**	**512**	**1 072**	**412**	**368**	**488**
All donors										
Estimate	1 692	1 510	2 180	1 879	2 212	1 369	1 870	1 401	1 349	1 246
Upper limit	1 862	1 764	2 398	2 147	2 488	1 506	2 116	1 587	1 554	1 458
Lower limit	1 523	1 256	1 962	1 610	1 937	1 232	1 624	1 215	1 143	1 033
Excluding World Bank	1 495	1 337	1 410	1 591	1 527	1 226	1 205	1 326	1 309	1 065
FAO questionnaire data	1 427		1 678			1 658				

[a] Estimates for 1996 and 1997 are less reliable.
[b] Includes the Commission of the European Communities.

27. Overall, analyses suggest that the official development assistance currently being provided represents less than 20 per cent of the annual funding needs estimated in chapter 11 of Agenda 21.[2]

28. The roles of the public and private sectors in forestry financing are changing, with the latter showing an increase of 60 per cent since 1991. There is a clear need for detailed data providing information on financial flows that effectively combat deforestation, versus public and private financial flows that are directed towards the forestry sector in general. On the basis of such data, there should be a radical rethinking of the strategies designed for the implementation of sustainable forest management, including the promotion of strong partnerships among government institutions, private establishments, bilateral and multilateral assistance agencies, research institutions, local communities and NGOs, supported by appropriate policies, strategies and regulatory mechanisms. Such partnerships need to be accompanied by increased coordination between organizations providing finance. The need for such approaches is recognized in the revised forest strategy developed by the World Bank Group in 2001.

(b) Transfer of environmentally sound technologies

29. There is an unprecedented accumulation of technological capability in the world today, including many developments with direct applicability to the forest sector. Many technological developments remain unrecognized, underutilized or inadequately shared. Ways in which some countries have applied specific technologies to combating deforestation include:

(a) Increased application of remote-sensing and geographic information system technologies to assess the condition and extent of the forest cover;

(b) The development of information systems for the assessment of forest areas, including the development of tools to provide an early-warning service for specific threats, such as fire;

(c) The development of wood recovery and recycling technologies to reduce pressure on natural forests;

(d) The development of improved harvesting and other silvicultural operations to reduce negative environmental impacts, such as reduced-impact logging methods.

30. A number of countries report the development of forest resource information systems, which will give stakeholders access to a network of information and tools for sustainable forest management. However, there is clearly an ongoing need to make the benefits of such technology available to a wider range of users and to continue the process of transferring technology from developed to developing countries. There is also a need for increased exchange of experience and technologies among developing countries and for greater use of indigenous technologies and traditional forest-related knowledge, where appropriate.

(c) Capacity-building

31. The importance of recognizing the direct and indirect causes of forest loss is widely appreciated by countries, together with an understanding that these causes are in most cases political in nature. The successful implementation of the proposals for action at the country level therefore relies greatly on the political will of Governments and civil society. Significant progress has undoubtedly been made towards implementation of some of the proposals for action. For example, most countries have developed national policies relating to forests in recent years, often through increased dialogue with different stakeholders. Substantial efforts have also been directed at developing criteria and indicators for sustainable forest management, reflected in the initiation of nine major processes, collectively involving more than 140 countries. However, analyses indicate that deforestation is continuing in most regions of the world (see table 1), suggesting that forest policies still do not adequately address the underlying causes of deforestation and forest degradation. This may be attributed in part to inadequate cross-sectoral policy harmonization and a lack of integration between research on underlying causes and policy development, an issue of relevance to the recently developed International Union of Forest Research Organizations task force.

32. The United Nations Forum on Forests has recognized the need for capacity-building to help implement the IPF/IFF proposals for action. Inadequate human capacity includes the general shortage of trained staff, and a lack of management,

planning and implementation skills constitute major weaknesses. Specific needs identified by countries include:

(a) Capacity-building programmes for local communities as a mechanism for increasing the marketing of certified forest products;

(b) Monitoring and combating illegal trade in forest products;

(c) Forest legislation and rights, successful technologies, international and national marketing, best practices in national forest programmes and cross-sectoral and sectoral issues;

(d) Strengthening of institutions involved in policy development and implementation;

(e) Application of criteria and indicators at the national and forest management unit level.

33. International organizations, including Collaborative Partnership on Forests members such as UNDP, FAO and ITTO, continue to play a major role in building capacity in such areas. However, in the context of the present report, there is a clear need to strengthen the capacity of countries to analyse the underlying causes of deforestation and to develop national policies in response to the results of such analyses for deforestation to be successfully combated. There is also a clear need to disseminate and publicize more widely successful initiatives in this area.

IV. Conclusions

34. Notable progress has been made in implementing many of the IPF/IFF proposals for action relating to combating deforestation and forest degradation. Some countries have analysed the underlying causes of deforestation with the support of international initiatives and cooperation and with technical assistance from research organizations and the NGO community. Further efforts are required to define underlying causes in more detail. In particular, there is a need to build capacity within countries to conduct such analyses at the national level.

35. There has also been substantial progress in the development of national policies relating to forests, often including participation by an increased range of stakeholders. Many countries have formulated new national forest programmes. Many have also developed new strategies or master plans for forestry, frequently based on the results of remote sensing, geographic information system technology and new forest inventories. A number of countries have also devolved substantial responsibility for implementation to regional or local authorities. It is less clear how often such policy developments have been undertaken as a direct response to the IPF/IFF proposals. However, a few countries have reported in detail on progress towards implementation of the proposals, for example, in reports to the Commission on Sustainable Development, and from such assessments it is clear that some countries are confident that substantial progress has been made in implementation.

36. Despite such positive trends, the total forest area continues to decline in most regions of the world. Although substantial areas of plantation forests have been established, often following high levels of investment from the private sector, there is little evidence that deforestation and the degradation of natural forests has

declined as a result. In fact, evidence suggests that in some countries the establishment of plantations may be a major factor leading to loss of natural forests.

37. Continuing declines in natural forest area suggest either that the IPF/IFF proposals for action are not being implemented effectively or that their successful implementation is not having the desired effect. The assessment of the implementation of the proposals for action is greatly hindered by the lack of any formal process for monitoring and assessment. The development of such a process should therefore be a high priority for forthcoming years. In contrast, substantial progress has been made in the development of criteria and indicators for sustainable forest management, following the initiation of a number of global and regional processes during the past two decades. The debate generated by these processes has undoubtedly focused attention on forest issues, and has been accompanied by a general increase in public awareness of deforestation and its impact. However, the practical implementation of criteria and indicators is still at a relatively early stage, and provides little evidence of any improvement in the status of forest resources.

38. It is clear that there is variation among countries in the progress achieved in implementing the proposals for action. There is therefore a need to build political will, not only to implement the proposals, but also to examine critically the status and trends in forest resources and the underlying causes of changes in forest extent and condition. In this context the lack of suitable approaches to assessing the extent of forest degradation, as opposed to the loss of forest cover, is a key problem.

39. Although progress has been made in analysing the underlying causes of deforestation, the findings of such analyses do not appear to have contributed significantly to the policy developments that have taken place. Therefore, if deforestation is to be combated successfully, there is an urgent need to incorporate the findings of research into national policies. In addition, many countries have been unable to implement the strategies that they have developed. The main reasons for this, advanced in almost all the country reports, are the shortage of funds and of qualified and well-trained personnel. Many developing countries need increased financial support, institutional strengthening and capacity-building. As official development assistance for the forest sector is declining, new approaches will need to be developed to generate increased financial resources at the national level. There is also a need to use the available funds more efficiently. Increased coordination between donors at the national level could make a significant contribution to achieving this objective.

40. The present report has identified three key emerging issues, namely forest law enforcement, forest fires and perverse subsidies. It is proposed that the United Nations Forum on Forests focus on addressing these causes of deforestation and forest degradation.

V. Suggestions for consideration by the United Nations Forum on Forests at its second session

41. At its second session the Forum may wish to:

(a) Invite the donor community to support members of the Collaborative Partnership on Forests in developing a capacity-building programme for developing countries that would permit an assessment of the underlying causes of deforestation

and forest degradation and the incorporation of research results into national policy initiatives;

(b) Invite the donor community to support developing countries in predicting and managing the impact of forest fires, for example through the Working Group on Wildland Fire recently established by the Inter-Agency Task Force for Disaster Reduction;

(c) Focus on developing specific actions to address the lack of forest law enforcement, forest fires and perverse subsidies, as they are becoming major causes of deforestation and forest degradation in many countries;

(d) Request the ad hoc expert group on finance, to be established at the second session:

(i) To conduct a rigorous investigation of government subsidies that promote forest destruction and degradation and to propose that the Forum address this theme;

(ii) To consider the feasibility of a mechanism for South-South knowledge exchange on national funds and other innovative mechanisms for financing action to combat deforestation and forest degradation.

Notes

[1] Verolme, H. J. H., Mankin, W. E., Ozinga, S., Ryder, S. *Keeping the promise? A Review of NGOs and IPOs of the Implementation of the UN Intergovernmental Panel on Forests*. Biodiversity Action Network, Washington, U.S.A., 2000. Also available at http://www.forestpolicy.org.

[2] *Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992* (United Nations publication, Sales No. E.93.I.8 and corrigenda), vol. I: *Resolutions adopted by the Conference*, resolution 1, annex II.

[3] Madhvani, A. An Assessment of Data on ODA Financial Flows in the Forest Sector. Overseas Development Institute, London, 1999.

Annex

Summary of progress made in implementing the Intergovernmental Panel on Forests/Intergovernmental Forum on Forests proposals for action

A. Implementation of forest-related decisions at the national level

Proposal for action	*Action towards implementation*
I. Study and analyse the historical and underlying causes of deforestation and forest degradation.	No actions are referred to in national reports to the Commission on Sustainable Development. In the questionnaire, approximately 50% of countries reported having undertaken some form of analysis. The Joint Initiative on Addressing the Underlying Causes of Deforestation and Forest Degradation based its analysis of the underlying causes on 40 new and existing case studies from more than 30 countries, profiled in a global workshop and a series of regional workshops. The case studies were based on the IPF diagnostic framework. Research by the Centre for International Forestry Research (CIFOR) on this theme has focused on Bolivia, Cameroon, Indonesia, Southern and Eastern Africa and Central America. The resolutions adopted at the Ministerial Conference on the Protection of Forests in Europe initiated broad technical and scientific cooperation focusing on the underlying causes of forest degradation and deforestation at the national and regional levels involving permanent monitoring and networks of permanent pilot sites.
II. Provide information on the underlying causes of deforestation.	Information on the causes of deforestation is provided in about 10% of reports submitted to the Commission on Sustainable Development, however very little reference is made to the *underlying* causes of deforestation and forest degradation. The Underlying Causes Initiative provided relevant information on 40 case studies from over 30 countries. The Group of Eight Major Industrialized Countries has begun work on a collaborative initiative to consider the enhanced use of remote sensing as a tool to inventory, assess, monitor and manage forests. CIFOR has published a number of books and reports on this theme.

Proposal for action	*Action towards implementation*
	The Global Forest Resources Assessment 2000, produced by the Food and Agriculture Organization of the United Nations (FAO), provides information on underlying causes from country reports. Non-governmental organizations (such as the World Resources Institute, the World Wildlife Fund, the Overseas Development Institute and Greenpeace) and intergovernmental organizations such as FAO and the United Nations Environment Programme, have played a major role in raising awareness in society at large of the importance of issues related to deforestation and forest degradation. Information is provided through reporting, publishing and public awareness activities of the Ministerial Conference on the Protection of Forests in Europe, including results of the monitoring activities which are published annually by the Economic Commission for Europe (ECE) and the European Commission; a decentralized database containing forest fire statistics and on research into forest ecosystems (containing 1,198 institutions, scientists and projects) has been established on the Internet.
III. **Enhance the role of forest plantations in sustainable forest management.**	Actions are referred to in 25% of national reports to the Commission on Sustainable Development, mostly in the context of increasing the area of plantation forests. However, the extent to which such plantations are successful in reducing deforestation and forest degradation receives very little attention. The Global Forest Resources Assessment 2000 indicated that the average rate of successful plantation establishment from 1990 to 2000 was 3.1 million hectares per year. Half of the new plantation area was on land converted from natural forest (i.e., representing reforestation on cleared natural forest land). In addressing this proposal for action, the Underlying Causes Initiative highlighted the negative role that plantations can play in deforestation and forest degradation, such as the substitution of native forests and increased pressure on land resources.
IV. **Assess the long-term trends in the supply and demand for wood.**	No actions are referred to in national reports to the Commission on Sustainable Development.

Proposal for action	*Action towards implementation*
	Every two years FAO compiles the State of the World's Forests report, supported by regional outlook studies, which include statistics on production, imports, exports and consumption per product type and country (and also region). In the 2001 report, an assessment of trends throughout the 1990s was made on the basis of various FAO, International Tropical Timber Organization (ITTO) and International Trade Centre UNCTAD/WTO assessments.
V. Develop national policies and mechanisms for supporting sustainable forest management.	Relevant actions are referred to in 45% of national reports to the Commission on Sustainable Development. Evidence from ITTO and the Underlying Causes Initiative indicates that most countries have developed national policies relating to forests in recent years, although not always involving the participation of a broad range of stakeholders.
VI. Improve cooperation, coordination and partnerships in support of sustainable forest management within a national forest programme.	Relevant actions are referred to in 38% of national reports submitted to the Commission on Sustainable Development, although national forest programmes are not always referred to explicitly. However information on the degree of stakeholder participation is often very limited. Although most countries have national forest programmes in various stages of development, surveys by FAO indicate that such programmes are being implemented in only 44% of countries; many have stalled owing to a lack of human, institutional and financial resources, as well as the absence of adequate policies, coordination and public participation mechanisms. A team of specialists on participation and partnership in forestry has been established by the Joint FAO/ECE/International Labour Organization Committee on Forest Technology, Management and Training in order to clarify the concept of participation and to develop a conceptual framework.
VII. Monitor, evaluate and report on progress in the implementation of a national forest programme, including the use of criteria and indicators.	Relevant actions are referred to in 35% of national reports submitted to the Commission on Sustainable Development, although national forest programmes are not always referred to explicitly. At least 140 countries are participating in at least one of the nine major processes on criteria and indicators, which include ITTO and the Dry Zone Africa, Pan-European, Montreal, Tarapoto and Lepaterique Initiatives.

Proposal for action	*Action towards implementation*
	The Group of Eight members developed an Action Programme on Forests involving the establishment of a public-private stakeholder process on the implementation of criteria and indicators. The Ministerial Conference on the Protection of Forests in Europe identified appropriate participatory mechanisms involving all interested parties as an essential element of national forest programmes in the pan-European context, and succeeded in developing a common understanding of such policies in that context.
VIII. Involve all interested parties in forest research.	Relevant actions are referred to in 10% of national reports submitted to the Commission on Sustainable Development, although little information is provided regarding the proportion of interested parties that have been involved in the research. The International Union of Forest Research Organizations established a task force to strengthen the interface between forest science and policy. Work is currently in progress; the approach being taken is to identify 40 to 50 case studies from around the world that describe how research results have successfully influenced forest policies.
IX. Introduce positive incentives to help combat deforestation and forest degradation.	Few relevant actions are referred to in national reports submitted to the Commission on Sustainable Development; most incentives mentioned refer to plantation establishment. However the role of certification in providing such incentives receives widespread recognition. Results from the questionnaire indicated that less than 20% of countries had introduced incentives. A review undertaken by FAO provided information on national forest funds in 41 countries, which indicated that a large number of countries had established such funds to provide some degree of assured continuity in funding for their forest sectors. Some countries, including Colombia, Costa Rica, Japan and the United States of America, transfer part of the revenues generated from water supply and hydropower generation to finance forest management programmes in the watersheds. Costa Rica has extended the concept to raising revenues from energy taxes and compensating private landowners for conserving and managing forests on their lands.

Proposal for action	*Action towards implementation*
	Considerable progress has been made in building a consensus on financing sustainable forest management through an international process on financing strategies in sustainable forest management (workshops in Pretoria, 1996; Croydon, United Kingdom, 1999; and Oslo, 2001).
X. Formulate policies aimed at securing land tenure for local communities and indigenous people.	Very few relevant actions are referred to in national reports submitted to the Commission on Sustainable Development. Results from the questionnaire indicated that approximately 50% of countries had developed mechanisms to improve land access and the use of forest resources on a sustainable basis. In recent years many improvements have been made regarding security of tenure. This has been the focus of many international initiatives, such as the Bogor (Indonesia) Declaration on cadastral reform and the Potsdam Statement on rural development. In addition, many bilateral and multilateral institutions for development cooperation have launched campaigns on secure tenure and introduced new programmes on land policy, management and cadastre. The Ministerial Conference on the Protection of Forests in Europe has developed a common pan-European tool which aims to further promote sustainable forest management in Europe by translating the international commitments down to the level of forest management planning and practices.

B. International cooperation in financial assistance and technology transfer

Proposal for action	*Action towards implementation*
XI. Implementation of measures aimed at the external debt problem.	Approximately $159 million in debt has been retired in debt-for-nature swaps focusing on forests. In 1998 the United States enacted the Tropical Forest Conservation Act, which allows developing countries to restructure their debt to the United States in exchange for action in support of tropical forest conservation. The results of the questionnaire indicated that a minority of countries (less than 30%) had conducted an analysis of the impact of foreign debt and had explored innovative financial approaches.

Proposal for action	*Action towards implementation*
XII. Support and promote local community involvement in sustainable forest management.	The Underlying Causes Initiative highlighted many specific actions, including establishing community-directed research programmes and microenterprises, increasing capacity-building for the marketing of independent third-party certified forest products and developing policies and an enabling environment to ensure effective community forest management. Individual Group of Eight members have expanded their activities to promote community involvement in sustainable forest management. The FAO Community Forestry Unit has played a major role in supporting community involvement through technical guidance, capacity-building and information dissemination. The World Conservation Union has formed a Working Group on Community Involvement in Forest Management to draw and apply lessons from field experience and to persuade Governments and donor agencies to become more responsive to community conservation efforts. In some countries community involvement is now a well-established and integral part of the framework for forest management, however, many countries are still at an early stage in introducing forms of community forestry appropriate to their situations.

C. International organizations and multilateral institutions and instruments

Proposal for action	*Action towards implementation*
XIII. Analyse the impact of foreign debt on deforestation and forest degradation.	The UNDP Programme on Forests and the Centre for International Forestry Research have organized a series of workshops (in Pretoria, Croydon and Oslo) that examined in depth the issue of financing sustainable forest management; a wide range of international organizations contributed to those meetings, which explicitly explored innovative financial approaches and schemes for helping countries to promote sustainable forest management. A wide variety of organizations, including the Chr. Michelsen Institute, the Institute of Development Studies, the United Nations Research Institute for Social Development and the World Resources Institute, have also engaged in analysing the impact of foreign debt on deforestation.

Proposal for action	*Action towards implementation*
XIV. Study the relationship of land tenure issues to deforestation and forest degradation.	A number of international organizations have been active in this area, including the Centre for International Forestry Research, the International Centre for Research in Agroforestry, the World Bank, FAO, UNEP and UNDP (e.g., its Programme on Forests); the results have been disseminated in reports and publications.

United Nations E/CN.18/2002/7

Economic and Social Council

Distr.: General
27 December 2001

Original: English

United Nations Forum on Forests
Second session
4-15 March 2002
Item 3 (b) (iii) of the provisional agenda*
Implementation of the proposals for action of the Intergovernmental Panel on Forests/Intergovernmental Forum on Forests and the plan of action of the United Nations Forum on Forests: progress in implementation: rehabilitation and conservation strategies for countries with low forest cover

Progress in implementation of rehabilitation and conservation strategies for countries with low forest cover

Report of the Secretary-General

Summary

The present report summarizes progress in implementation of the proposals for action of the Intergovernmental Panel on Forests (IPF)/Intergovernmental Forum on Forests (IFF) relating to low forest cover countries. Reference is made to national reports to the Commission on Sustainable Development, the Convention on Biological Diversity and the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa, among other sources. The precise definition of a low forest cover country is still uncertain; here, a threshold of less than 10 per cent of land area covered by forest has been adopted, giving a total of 67 low forest cover countries. The expert meeting held in Tehran in 1999 helped greatly to provide clearer guidance on the issues that are most important for forest management in low forest cover countries. The launch of the Tehran Process and the founding of its secretariat represent additional steps forward. However, progress has been slow in establishing the full capability of the Tehran Process and its secretariat, and additional resources and personnel are needed from a number of international sources.

* E/CN.18/2002/1.

01-72156 (E) 050202

In general, low forest cover countries appear to have made limited progress towards implementation of the IPF/IFF proposals for action. Despite some growth in the recognition of the importance of forests in low forest cover countries, progress in enhancing forest cover has been limited. There is little evidence that restoration of degraded forests or re-establishment of native forest landscapes has been given any priority. It is also difficult to assess what progress has been made in forest conservation among low forest cover countries. Data on unique forest types and their protection are limited. Technical and institutional capacities have been identified by most low forest cover countries as serious limitations in progress towards implementing the IPF/IFF proposals for action, especially for the drafting and implementation of national forest programmes. International cooperation and financial assistance are required to help remedy those problems. Donor countries and institutions will need to recognize the importance of forests to poverty alleviation in low forest cover countries and to make long-term commitments of resources in order to assist them in improving their capacities. Low forest cover countries themselves need to accord higher priority to forest issues, including the mobilization of domestic resources.

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I. Introduction

1. In large areas of the world, especially in many developing countries, forest cover is limited in extent. In those countries, scarce forest and wooded lands are particularly significant in terms of their economic, social, cultural, environmental and subsistence values. Low forest cover poses special challenges in meeting national needs through sustainable development and ensuring adequate access to the many goods and services provided by forests, including wood and non-wood products, watershed protection, soil conservation, biodiversity conservation and carbon storage. Strategies for rehabilitation and conservation of forests are crucial steps towards sustainable development in low forest cover areas.

2. The present report has been prepared to support the deliberations of the United Nations Forum on Forests by describing progress made towards implementing the Intergovernmental Panel on Forests (IPF)/Intergovernmental Forum on Forests (IFF) proposals for action relating to the theme of "Rehabilitation and conservation strategies for countries with low forest cover". The scope of the report has been limited by the short interval between the first and second sessions of the Forum. The report was prepared by the United Nations Environment Programme (UNEP), as the focal agency within the Collaborative Partnership on Forests for this Forum programme element. Inputs and comments from other Partnership members and the Forum secretariat were provided during the drafting process.

II. Background: summary of relevant IPF/IFF proposals

3. For the purposes of the present report, the IPF and IFF proposals for action relevant to the theme "Progress in implementation on rehabilitation and conservation strategies for countries with low forest cover" are summarized below in groupings of related actions, based on a practitioner's guide to the IPF proposals produced by the Six Country Initiative[1] and an Australian summary of the IPF proposals for action (a number of proposals specifically related to indigenous peoples and traditional forest-related knowledge will be under discussion at the fourth session of the Forum and have therefore been omitted from the summary; the summarized proposals are not intended to replace the detailed negotiated text; references are provided to the relevant paragraphs of the IPF and IFF reports that contain the full text of the proposals for action).

Table 1
Summary of relevant IPF/IFF proposals for action

	Summary proposal for action	*Reference*	
		IPF[a]	*IFF*[b]
A.	**Implementation of forest-related decisions at the national level**		
I.	Promote the regeneration and restoration of degraded forest areas, including involving indigenous people, local communities, forest dwellers and forest owners in their protection and management.	58 (b) (iii) 58 (c)	129 (c)
II.	Plan and manage forest plantations to enhance production and provision of goods and services, paying due attention to relevant social, economic and environmental considerations in the selection of species, areas and silvicultural systems.	58 (b) (ii)	
III.	Analyse and take into account the related social, economic and environmental implications, costs and benefits of non-wood substitutes and imports of forest products.	58 (b) (iv)	
IV.	Seek long-term security of forest goods and services through the development of national forest programmes for sustainable forest management.	58 (b) (i)	
V.	Develop and implement âppropriate planning and management strategies for the representative protection and conservation of all types of forests on an ecosystem basis, incorporating the full range of forest values, including cultural, social, spiritual, environmental and economic aspects.	46 (c)	85 (a) and (b)
VI.	Develop adequate research and information systems, and improve linkage between forest science and forest policy processes in order to allow for timely decisions related to national forest policies and programmes.	58 (b) (vii)	96 (c)
VII.	Take positive action towards forest conservation, by establishing or expanding networks of protected areas, buffer zones and ecological corridors in order to conserve biodiversity, and to safeguard their water supplies and uses in areas affected by drought.	58 (b) (v) 58 (c) 46 (c)	
VIII.	Establish joint protected forest areas and guidelines for collaborative management of ecologically important or unique transboundary forests.		86
IX.	Develop and implement methodologies and criteria to assess the adequacy, consistency, condition and effectiveness of protected areas, and their management, incorporating reserve design principles that identify the need for new protected areas.		85 (e) 88 89
X.	Improve cooperation, coordination and partnerships in support of sustainable forest management within a national forest programme, by involving relevant stakeholders including indigenous people, forest owners, women and local communities in forest decision-making, and utilizing appropriate expertise in international organizations.	17 (b), (f) and (i); 40 (e), (g) and (n); and 77 (c) and (f)	19 (b) 64 (b) 66 140 (a)

	Summary proposal for action	*Reference*	
		IPF[a]	*IFF*[b]
XI.	Promote policies and regulations aimed at creating a favourable environment to attract domestic and foreign private sectors, as well as local community investment, for sustainable forest management, conservation and protection of forests.	69 (d)	
XII.	Develop and implement partnership mechanisms to engage forest owners, private sector, indigenous and local communities in the planning and management of forest conservation areas.		84 85 (b), (c) and (d)
XIII.	Develop and implement a range of innovative mechanisms for financing and encouraging forest conservation, including economic incentives, private contracts, taxes and charges, tax deductions, and possible returns from carbon sequestration, in accordance with, and within the context of the implementation of relevant articles of the Kyoto Protocol; and to address cross-sectoral policies, structural adjustment packages and perverse incentives.		85 (f) 90
B.	**International cooperation in financial assistance and technology transfer**		
XIV.	Contribute to a global and regional assessment of the status of protected forest areas.		85 (g)
XV.	Assist low forest cover countries in sustainably managing their forests and in some cases expand their forest cover, through the provision of financial resources and transfer of appropriate technology, as well as through the exchange of information and access to technical know-how and knowledge.	58 (c)	30 (b)
XVI.	Embark on capacity-building programmes at the national, subnational and local levels to promote effective participation in decision-making with respect to forests.	58 (b) (vi)	
XVII.	Assist low forest cover countries in building capacity for data gathering and analysis so as to enable them to monitor their forest resources.	58 (e)	
XVIII.	Support and promote local community involvement in sustainable forest management through technical guidance, capacity-building and information dissemination, provision of economic incentives and legal frameworks; and by supporting direct participation of all interested parties in forest policy discussions and planning.	77 (f) 70 (c) 40 (b)	64 (f) and (i)
XIX.	Provide financial support to activities in developing countries related to forest conservation and to the implementation and management of protected areas in the surrounding landscape, in accordance with national action plans.		87

	Summary proposal for action	Reference IPF[a]	Reference IFF[b]
XX.	Continue the implementation of various measures aimed at effective, equitable, development-oriented and durable solutions to the external debt and debt-servicing problems of developing countries, particularly the poorest and heavily indebted countries, including exploring the opportunities for innovative mechanisms, such as debt-for-nature swaps related to forests and other environmentally-oriented debt reduction programmes.	67 (g)	
XXI.	Improve the efficiency of and procedures for international cooperation to support the management, conservation and sustainable development of all types of forests in low forest cover countries.	58 (d)	
C.	**International organizations and multilateral institutions and instruments**		
XXII.	FAO called upon to develop a workable and precise definition of low forest cover, applicable to all countries and suitable for use in the forest resources assessment in the year 2000.	58 (a)	
XXIII.	Explore innovative ways to both use existing financial mechanisms more effectively and generate new and additional public and private financial resources in order to support activities for the management, conservation and sustainable development of all types of forests.	67 (f)	
XXIV.	Undertake efforts to achieve a common international understanding on concepts, essential terms and definitions used in developing criteria and indicators for sustainable forest management.	115 (d)	

[a] Numbers refer to paragraph(s) in IPF final report (E/CN.17/1997/12).
[b] Numbers refer to paragraph(s) in IFF final report (E/CN.17/2000/14).

III. Implementation of the IPF/IFF proposals for action and of the plan of action of the United Nations Forum on Forests

A. Progress in implementation

4. An open-ended international meeting of experts on special needs and requirements of developing countries with low forest cover and unique types of forest was held in Tehran in October 1999. The meeting provided a forum for the discussion of a number of key issues among representatives of Governments of low forest cover countries, NGOs and relevant international organizations. The recommendations of the meeting are largely reflected in the proposals for action summarized in section II above. The Tehran Process was established at the meeting as a mechanism to bring together low forest cover countries and to provide a forum for addressing the specific needs of developing countries with low forest cover. A secretariat hosted by the Islamic Republic of Iran was established; its strategy and action plan emphasizes its role in coordinating activities and exchange of experience among low forest cover countries and in disseminating information via a web site.

5. The meeting also recommended that intergovernmental forest policy deliberations recognize that many low forest cover regions within high forest cover countries have concerns similar to those of low forest cover countries, and should share their experience on progress made with respect to policy implementation. The meeting also recommended that low forest cover countries review their forest policies, taking into account the wide range of societal needs that can be met from their forest sectors and emphasizing non-wood forest products; increased market access for forest products; environmental services; and food security. The recommendations further emphasized the importance of cross-sectoral linkages, national forest programmes and participatory approaches involving civil society.

6. Limited progress has been made on the development of a more precise definition of low forest cover. In 1998, UNEP and the International Union of Forestry Research Organization (IUFRO) developed a paper on defining low forest cover, which proposed a number of different bases upon which low forest cover could be defined. Although the Tehran meeting discussed that paper, no firm conclusion about the best definition was reached. Most papers supporting discussion at the Tehran meeting used a threshold of 10 per cent land area covered by forest, and addressed the resulting group of 70 countries. The publication of the *Forest Resources Assessment* (FRA 2000) by FAO applied a globally consistent definition of forest as land with a tree canopy cover of more than 10 per cent and area of more than 0.5 hectares, in which the trees should be able to reach a minimum height of 5 metres. FRA 2000 indicates that 64 countries meet that criterion, but the new definition of forest cover meant that a number of developed countries previously included among the low forest cover countries (e.g., Australia, United Kingdom) are no longer included. Three developing countries considered to be low forest cover countries on the basis of previous forest cover estimates now have just over 10 per cent forest cover according to FRA 2000. Information from those countries was included in the preparation of the present report, which is therefore based on a total of 67 low forest cover countries.

7. A number of activities are being undertaken by countries, multilateral organizations and stakeholders either in direct response to the IPF/IFF proposals or in support of them. The present report attempts to provide an overview of such activities, corresponding to the specific proposals for action. However, there is currently no formal monitoring and reporting system within the Forum; the findings of the present report should therefore be considered as tentative and incomplete. In order to assess action towards implementation, the following sources were consulted:

- First and second national reports to the Convention on Biological Diversity (of 53 low forest cover country parties to the Convention, 22 submitted first national reports, 11 submitted second national reports);
- Thematic reports on forest ecosystems to the Convention (nine from low forest cover countries);
- National reports on forests to the Commission on Sustainable Development (from 24 low forest cover countries);
- National reports to the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa (40 from low forest cover countries);

- National action plans to combat desertification (11 low forest cover countries);
- A number of studies and contributions by members of the Collaborative Partnership on Forests, NGOs and others;
- Voluntary reports to the Forum: four countries submitted preliminary voluntary reports on how they are organizing the assessment of progress; five countries (including one low forest cover country) submitted more complete reports;
- Responses to an informal questionnaire circulated to more than 100 national contact points; nine responses were received and analysed, one from a low forest cover country.

8. The actions towards implementing the IPF and IFF proposals for action on rehabilitating and conserving forests in countries with low forest cover are summarized in the annex.

1. Country experience and lessons learned

9. Low forest cover countries are commonly but not exclusively characterized by arid or semi-arid climates, poor soils and extensive rangelands. They are particularly prone to degradation of forest cover and desertification caused by drought and destructive land-use practices, including overgrazing. Forest products in low forest cover countries are predominantly for subsistence use, including non-wood forest products and fuelwood. Low forest cover countries are often dependent on imports to meet their needs for wood and wood products. Although the cost of importing forest products poses no economic problem for the few low forest cover countries that are prosperous, many others are among the poorest countries of the world.

10. The great importance of the environmental functions of forests are increasingly being recognized in low forest cover countries. Forests are essential for watershed protection, helping to prevent erosion and reduce sediment loads in streams, conserving scarce water and soil resources, and reducing the risk of flooding. The important role of forests in the conservation of biological diversity in low forest cover countries is also recognized and reported by many of the low forest cover countries that are signatories to the Convention on Biological Diversity.

Table 2
Change in forest cover among low forest cover countries, 1990-2000

	Increasing forest cover	*Decreasing forest cover*	*No measurable change*
Number of low forest cover countries	17	15	35

Source: FAO, *FRA 2000*.

11. Some low forest cover countries have successfully expanded their forest cover in recent years, but many more have continued to lose forest or have seen no change in cover (see table 2). To date, most of the gain in forest cover has been through plantation activities, with relatively little effort devoted to restoration of degraded natural forests. Although much afforestation is intended for protective and environmental roles rather than for production and economic outputs, its administration is often via agricultural authorities, with little or no input from

conservation organizations. In some cases, reforestation of degraded forest lands has caused serious conflicts with local people who previously used such areas as common grazing lands. Reforestation sites have provided only limited benefits for local people in most countries, other than the employment opportunities provided in plantation establishment and maintenance activities.

12. Although a few countries have made substantial progress, the development and implementation of national forest programmes and policies has proved problematic for a high proportion of low forest cover countries. Such programmes have most frequently stalled owing to a lack of internal support and a decline in external financial assistance. Because of the small size of forest resources in those countries, forest matters are often the responsibility of government agencies outside the forest sector. Cross-sectoral cooperation is therefore particularly important in low forest cover countries. Several countries have made efforts to implement integrated watershed programmes involving the institutions responsible for conservation, forestry, agriculture and rural development. In some cases, efforts have been made to introduce participatory approaches encouraging involvement of local populations in planning and management of land-use systems. Cross-sectoral efforts are also needed for the development of livelihood opportunities for rural populations in forest areas.

13. Forest protection is variable among low forest cover countries and the data available to assess it are limited. Some low forest cover countries have recently adopted policies for expansion and management of protected areas and national parks, and have established new protected areas. According to the UNEP World Conservation Monitoring Centre (UNEP-WCMC), a smaller proportion of all forests (7.9 per cent) is included in protected areas in low forest cover countries than the global average (10.4 per cent).

14. Forest institutions in the low forest cover countries share a number of constraints. Most report a lack of financial and staff resources. The need for training and development of human resources has been underlined. One of the main problems affecting all low forest cover countries is the lack of reliable, consistent and up-to-date forest information.

2. Emerging issues relevant to country implementation

15. Low forest cover countries are in need of approaches for restoring forest cover in ways that address the full range of forest functions, goods and services, including poverty alleviation. Such approaches will need to include using native species, addressing the underlying causes of forest loss and cross-sectoral planning at the landscape scale. The forest landscape restoration approach under development by the World Wildlife Fund (WWF) and the World Conservation Union (IUCN) provides an example of such an approach. Case studies and practice in Central America, South-West China and East Africa (by WWF and partners) provide useful examples for low forest cover countries. The International Tropical Timber Organization (ITTO) is also developing forest restoration guidelines, in cooperation with FAO and IUCN.

16. A second emerging issue highlighted by a large number of low forest cover countries is wild fire, which impedes both conservation of existing forests and efforts at rehabilitation and afforestation. As noted in the report on deforestation (E/CN.18/2002/6), the results of analyses of the underlying causes of fire need to be

transferred into policy. Such initiatives as Project FireFight and The Global Fire Monitoring Center provide support for identifying and responding to fire risks. However, to date those initiatives have focused principally on countries and areas with large forest resources; they need to be encouraged to generate research and tools that are applicable in areas of low forest cover. Several low forest cover countries have also identified illegal logging as a significant pressure on forests. The emerging global discussions of forest law enforcement (see E/CN.18/2002/__) need to develop tools and approaches that can be adopted by countries with low forest cover for use in their own forest policies and programmes.

17. Valuing ecosystem services of forests has been identified by several low forest cover countries as a crucial step in increasing the prominence of forests on their national agendas. Work by the World Resources Institute, IUCN and others on quantifying and expressing the value of forests in providing water and other ecosystem services (e.g., in Eastern Africa) is likely to prove useful in that context. Another recurring issue in discussions of low forest cover is the need for mechanisms to include low forest cover areas of high forest cover countries in the process and to ensure that they can exchange information and benefit from the experience shared. The Tehran Process could provide an appropriate mechanism for promoting such exchange of information. An additional issue for low forest cover countries is the long-term commitment required for them to be able to achieve sustainable forest management. That issue will need to be recognized and addressed by Governments and donors alike.

3. Promoting public participation

18. Since forests are not extensive in low forest cover countries, they are usually not an important source of revenue for the national Government in terms of industrial timber production. It is therefore more likely that the greatest importance of tree and forest resources in those countries will be in the area of rural livelihood support, especially for the poor, which will provide a favourable environment for public participation in forest management. In spite of their considerable development during recent years, NGOs involved in environmental issues still play a relatively insignificant role in many low forest cover countries. Nonetheless, participation of NGOs and intersectoral dialogue have been increasingly secured in national forest programme processes in some low forest cover countries. In some cases, efforts have been made to introduce participatory approaches that encourage involvement of local populations in planning and management of watershed activities and improvement of land-use systems. Some countries are using national forest funds to promote local management by channelling assistance to subnational and municipal governments or to community groups.

19. Some low forest cover countries have active ongoing participatory forestry initiatives, which have provided useful experience in the application of participatory and collaborative approaches to management of scarce or fragile forest resources. Such experience deals with issues of land tenure, pastoralism and nomadism, poverty and population growth, migration, desertification, and other topics of interest to low forest cover countries. In some cases, it has been observed that although the participatory approach is very effective it takes a long time to apply. FAO has promoted increased public participation in forest and land management through a number of projects in low forest cover countries. Many donors have also

supported those approaches in a range of countries and should be encouraged to support them in low forest cover countries.

4. Enabling environment

20. In many countries, there have been significant improvements regarding the legal framework for sustainable forest management and forestry-related policies. At the national level, a key problem is the low commitment and priority given to the forest sector, often caused by failure to demonstrate the contribution of forests to socio-economic development. Accordingly, opportunities for funding are often missed by not linking forests to priority concerns, such as poverty reduction, human health and well-being and sustainable development. Other important factors in constraining investment are insecure tenure; policy and market failures; high levels of actual and perceived risk owing to factors outside sectoral control; lack of suitable credit options; and weak and unstable regulatory environments that encourage rather than discourage unsustainable or illegal land-use practices. In many low forest cover countries, there is a need for external public funding (official development assistance (ODA)) to support capacity-building, development of appropriate legal frameworks, and creating the socio-economic conditions conducive to investing in sustainable forest management. Many developing countries face a general lack of funds and skilled people, poor agricultural practices and problems of communication. As a result, practical implementation of national forest programmes and criteria and indicators for sustainable forest management are still weak.

5. International and regional cooperation

21. The emerging Tehran Process and its secretariat provide an important opportunity for cooperation and collaboration among low forest cover countries. However, care will be needed to ensure that the process reaches constituents beyond the Middle East and North Africa. The incorporation of input from, and discussions with representatives of low forest cover areas within high forest cover countries will also be important. The Conventions to Combat Desertification and on Biological Diversity and the United Nations Framework Convention on Climate Change provide important forums for collaboration among low forest cover countries.

22. The strategy and plan of action of the Tehran Process secretariat calls for the creation of regional centres of excellence that will promote cooperation and research on key issues for low forest cover countries. A number of low forest cover countries are participating in regional programmes for the exchange of information, particularly in Africa. Regional and subregional organizations, such as the African Timber Organization, the Economic Community of West African States, the Permanent Interstate Committee for Drought Control in the Sahel (CILSS), the Intergovernmental Authority on Development (IGAD) and the Southern African Development Community (SADC) could put particular effort into coordination and regional cooperation on forests and wildlife, especially into information networking. With support from Dutch trust funds, FAO, together with the low forest cover country secretariat, SADC, CILSS, IGAD, UNEP, the International Center for Research in Agroforesty, regional forestry commissions and national collaborators are developing, validating and implementing criteria and indicators for sustainable forest management in dry zones of Africa, Asia and Near East; preparing national reports; and conducting an international meeting on criteria and indicators for low

forest cover countries. They are also conducting case studies in Tunisia, Oman and Iraq in the Near East and Mali, Ethiopia and Namibia in the African region to evaluate the role of planted forests, trees outside forests and the significance of non-wood forest products.

B. Means of implementation

1. Finance

23. Lack of financial resources is widely acknowledged to be a major constraint to the implementation of the IPF/IFF proposals. According to the Organisation of Economic Cooperation and Development (OECD) Development Assistance Committee analyses, two low forest cover countries were among the top 10 recipients of forestry aid in the period 1994-1998. About 20 per cent of World Bank macroeconomic adjustment lending between 1992 and 1998 went to countries with 20 per cent forest cover or less. The declining trend in ODA is recognized by a number of low forest cover countries as a significant factor constraining implementation of the IPF/IFF proposals for action. African countries are faced with the sharpest declines in overseas development assistance for forestry. The African Development Bank (ADB) had planned to dedicate US$ 245 million to forestry for the period 1995 to 1997. Because of the low priority given to forestry by Governments in the region, that funding did not materialize. ADB forestry loans have generally gone first to forest industries (43 per cent) and second to forest conservation/production (31 per cent), while social/rural forestry captures 26 per cent.

24. The need for international cooperation towards sustainable forest management, including financial support, capacity-building, research and transfer of technology, as stressed by IFF, has not been adequately met in Africa. The region has not benefited from consolidated, regionally rationalized financial support from developed countries. Traditional bilateral support has remained scattered and has had little sustained impact. The mechanisms for overseas development assistance have not promoted collective actions by countries in the region. Yet African countries are in great need of networking for information exchange and capacity-sharing. Africa needs a consolidated forestry fund to mobilize collective action and share its limited capacity for sustainable forest management.

25. Between 1991 and 2001, the Global Environment Facility (GEF) allocated $538.2 million in GEF funding to 87 projects within forest ecosystems,[2] accounting for almost 40 per cent of its biodiversity portfolio and 11 per cent of all GEF allocation. About 80 per cent of GEF projects in the current forest portfolio have focused largely on protected areas. As of 2000, only 8 per cent of the GEF allocation for forest projects was directed to low forest cover countries.

26. A number of additional mechanisms may help low forest cover countries to access finance to support activities relating to the rehabilitation and conservation of forests. The global mechanism for securing funding for the Convention to Combat Desertification is not a fund but a catalyst to mobilize multi-channel financing sources for the Convention; it emphasizes, inter alia, partnership-building and a multiplier effect. Ideally, Convention funding should be built into the development plans and budgets of concerned countries, with external inputs being used to leverage other resources. The lack of a specific financial instrument poses special

challenges, and fund-raising for the Convention has not met desires or expectations (the mechanism has only US$ 6 million for 2001-2002). It has been suggested that the mechanism could link Convention action programmes to combat land degradation with corresponding actions in the forest sector.

27. Some countries are using national forest funds to promote local management and to provide general services of benefit to private forest landowners. One of the most common uses of funds is to give general support for afforestation and reforestation. The forest fund may be derived from government budgets, targeted taxation and/or amounts collected during forest-related law enforcement. An annual spending plan, with outside approval and auditing, is a common requirement of forest fund legislation.

28. The newly proposed revised World Bank forestry strategy acknowledges a need to focus on forest-poor areas for poverty reduction and integrating forests into sustainable economic development but does not acknowledge any global values of forests in those areas. For example, for the Middle East and North Africa, the priorities according to the new strategy are (a) to increase employment of the poor in reforestation, conservation and rehabilitation activities, build stakeholder incentives to manage resources sustainably and develop local participation in those processes; (b) incorporate forest issues in comprehensive development frameworks and develop linkages to forests in cross-sectoral investments, especially in rural development and water management; and (c) undertake further research on the linkages between forest land management and broader economic and institutional reforms.

2. Transfer of environmentally sound technologies

29. The Tehran Process secretariat has established a web site (http://www/lfccs.net) to enhance information exchange among low forest cover countries. It may also help to coordinate capacity-building and experience-sharing among low forest cover countries. Although there is currently a high rate of technological innovation, many technological developments remain unrecognized, underutilized or inadequately shared; this is particularly true of new technologies, which are especially relevant to countries with low forest cover. Some countries are applying specific technologies to combating deforestation, including:

- Increased application of remote sensing and geographical information systems technologies for the assessment of the condition and extent of forest cover;
- Development of information systems for the assessment of forest areas, including development of tools to provide an early warning service for specific threats, such as fire.

However, many low forest cover countries have not been able to implement such technologies because of a lack of technical capacity and financial resources.

3. Capacity-building

30. Many countries have identified the need for capacity-building to help implement the IPF/IFF proposals for action. Key needs include implementing capacity-building programmes for government institutions to help foster cross-sectoral policy harmonization, for forest and environment sector personnel to increase the range of tools available for rehabilitating and conserving forest cover,

and for local communities to increase their participation in forest management. Well established forestry research institutions exist only in some low forest cover countries. Most of their research efforts still concentrate on technical forestry problems. There is a need to expand their expertise to address environmental and socio-economic issues, as well as policy analysis.

31. University-level educational institutions with forestry training components have traditionally existed in several Middle Eastern countries. Training in less traditional aspects of forest management, including conservation management, is less developed. Lack of skilled personnel still constitutes a major constraint in forestry development and conservation in many low forest cover countries. Awareness-raising, especially with respect to multiple values of forests, is very important for low forest cover countries. The Tehran Process secretariat could play an important role in generating materials for this purpose.

IV. Conclusions

32. The expert meeting held in Tehran in 1999 helped greatly to provide clearer guidance on the issues that are most important for forest management in low forest cover countries. The launch of the Tehran Process and the founding of its secretariat represent additional steps forward. However, progress has been slow in establishing the full capability of the Process and its secretariat, and additional resources and personnel are needed from a number of regional and international sources.

33. More generally, low forest cover countries appear to have made limited progress towards implementation of many of the IPF/IFF proposals for action, but the precise degree of progress is difficult to assess because of the limited information available. Forest values and benefits and consequently forest sector activities continue to have a relatively low profile within many low forest cover countries, resulting in limited availability of financial resources for forest management. There has been limited progress in the development of national forest programmes per se, but some progress can be seen in other forms of natural resource management and poverty alleviation strategies. The inclusion of forest goods and services in such strategies is likely to enhance progress towards sustainable forest management in low forest cover countries.

34. Despite some growth in the recognition of the importance of forests in low forest cover countries, progress in enhancing forest cover has been limited. What progress has been made has been principally through plantation programmes. There is little evidence that restoration of degraded forests or re-establishment of native forest landscapes has been given any priority. It is also difficult to assess what progress has been made in forest conservation among low forest cover countries. Data on unique forest types and their protection are limited.

35. Technical and institutional capacities have been identified by most low forest cover countries as serious limitations in progress towards implementing the IPF/IFF proposals for action, especially drafting and implementation of national forest programmes. International cooperation and financial assistance are clearly required to help remedy those problems. Donor countries and institutions will need to recognize the importance of forests to poverty alleviation in low forest cover countries and make long-term commitments of resources to improving their capacities. However, there is also a need for low forest cover countries themselves

to accord higher priority to forest issues, including the mobilization of domestic resources.

36. The present report identifies six emerging issues in the discussions of forest rehabilitation and conservation in low forest cover countries. Some, such as wildfire and forest law enforcement, are also key to discussions of other elements of the multi-year programme of work of the Forum, but will need to be addressed from the perspective of low forest cover countries as well as that of more forest-rich countries. Others, including restoration approaches, valuing ecosystem services and identifying low forest cover areas, are more specific to the needs of low forest cover countries and should be the focus of specific Forum actions directed at supporting those countries. The encouragement of long-term commitment to financial support and other programmes in support of sustainable forest management is important throughout the work programme of the Forum, especially for the low forest cover countries.

V. Points for discussion

37. The Forum may wish to:

(a) Invite donor community to support the continued development of the Tehran Process and its secretariat, and to mobilize financial and technical resources to make the Process fully operational;

(b) Request the ad hoc expert group on finance to be established at the second session of the Forum to consider examining the feasibility of developing a special fund, perhaps under the aegis of the global mechanism of the Convention to Combat Desertification, specifically to address rehabilitation and conservation of forests in low forest cover countries;

(c) Invite countries with low forest cover to:

(i) Report on the protection status of unique forest types;

(ii) Accord high priority to forest issues and the full range of values and benefits of forests, including through the mobilization of domestic resources;

(iii) Identify ways and means of recognizing and communicating the multiple values and benefits of forests that are specifically applicable for use by low forest cover countries;

(d) Invite UNEP, with assistance and support from Collaborative Partnership on Forests partners, to prepare an in-depth study on approaches for restoring forest cover in ways that address the full range of forest functions, goods and services and disseminate results via the Tehran Process and other mechanisms accessible to low forest cover countries.

Notes

[1] Food and Agriculture Organization of the United Nations (FAO)/United Nations Development Programme (UNDP), "Practitioners guide to the implementation of the IPF proposals for action", paper prepared in support of the work of the Intergovernmental Forum on Forests (1999).

[2] See A. Madhvani, "An assessment of data on ODA financial flows in the forest sector" (London, Overseas Development Institute, 1999).

Annex

Actions towards implementation

A. Implementation of forest-related decisions at the national level

Summarized proposal	*Action towards implementation*
I. Regeneration and restoration of degraded forest areas	• Of low forest cover countries submitting second national reports to the Convention on Biological Diversity, 2 per cent report no measures taken to rehabilitate and restore ecosystems, 8 per cent report some measures in place and 3 per cent report that potential measures are under review. • Forest degradation is mentioned repeatedly as a problem, especially in national action plans to combat desertification. • A few countries have given importance to planting with native species rather than exotics.
II. Plan and manage forest plantations	• Nearly all low forest cover countries reporting to the Commission on Sustainable Development and the Convention on Biological Diversity have afforestation through plantation as a major component of their forest sector activities, and many have specific targets for the forest cover that they intend to generate by this means. • According to *FRA 2000*, the 67 low forest cover countries together have over 10 million hectares (ha) of forest plantations; nearly 10 per cent of their forest cover is plantation, while globally plantations represent less than 5 per cent of all forest cover. • Plantations in low forest cover countries represent nearly 6 per cent of a global total of almost 187 million ha; low forest cover countries' annual plantation establishment (279,000 ha), is also 6 per cent of the global total.
III. Costs and benefits of non-wood substitutes and imports of forest products	• Several low forest cover countries have reported to the Commission on Sustainable Development programmes to promote use of non-wood fuels (mostly butane) in areas where pressure on forests is high; however, estimates of the costs of replacing fuelwood by oil are very high, except in oil-producing countries. • Some countries report that low energy costs do not reduce pressure from fuelwood use. • Recycling has proved an important mechanism for reducing demands for forest products in at least one low forest cover country. • Shortage of forest resources reduces low forest cover countries' abilities to promote use of wood as alternative to non-renewable resources.
IV. Development of national forest programmes	• According to FAO, out of 27 low forest cover countries for which information is available, 11 are implementing national forest programmes; two have ongoing planning processes; 10 have stalled in the early stages of programme planning and preparation; and four have drafted programmes but failed to implement them. • 60 per cent of low forest cover countries either have no national forest programme or failed to respond to FAO inquiries on the subject. • Most low forest cover countries reporting to the Convention on Biological Diversity report little progress on incorporating biodiversity importance into forest planning and management. • 13 low forest cover countries of 52 that are parties to the Convention on Biological Diversity have national biodiversity strategies and action plans in place.

Summarized proposal	*Action towards implementation*
	• 30 per cent of low forest cover countries reporting to the Conference of Parties to the Convention to Combat Desertification have national action plans to combat desertification.
V. Strategies for the representative protection and conservation of all types of forests	• Based on the second national reports to the Convention on Biological Diversity, most (six of seven) responding low forest cover countries are implementing an ecosystem approach to forest conservation and sustainable use. • Most low forest cover countries place a high priority on in situ conservation of biodiversity; one low forest cover country ranks it as of medium priority. • Five reporting low forest cover countries have a relatively complete system of protected areas in place, one has a system under development, one has a national review of protected areas in place and one has a national protected areas plan in place. • Most reporting low forest cover countries indicate that resource availability for appropriate in situ conservation within their countries is limiting or severely limiting; one country reports that resource availability is adequate or good.
VI. Research and information systems	• Most of the low forest cover countries reporting to the Convention on Biological Diversity on forests felt that they had made little progress in sharing scientific and technical information or approaches and tools to improve forest practices with respect to biodiversity; most also reported little progress in prioritizing research activities or disseminating research results.
VII. Establish or expand networks of protected areas and safeguard water supplies	• According to UNEP-WCMC, nearly 8 per cent of forest cover in low forest cover countries is within protected areas, as compared with a global average of approximately 10 per cent; however, the available data on forest cover and protected areas for many low forest cover countries are of poor quality. • Around 14 per cent of mangrove forests in low forest cover countries are protected, a level equivalent to the global average of mangrove protection. • Catchment forests are protected in some low forest cover countries but often on an ad hoc basis. • 22 per cent of low forest cover countries submitting first national reports to the Convention on Biological Diversity have protected areas; no clear distinction is given as to whether such areas are representative forest-protected areas. • 15 per cent of low forest cover countries actively indicated in first national reports to the Convention on Biological Diversity that they plan to expand their protected areas.
VIII. Protection and management of transboundary forests	• Protection of "common" watersheds is specified as a priority regional activity in the Tehran Process secretariat strategy and action plan. • 33 per cent of low forest cover countries submitting second national reports to the Convention on Biological Diversity have not developed management practices for transboundary protected areas, 22 per cent have done so to a limited extent and 11 per cent to a significant extent.
IX. Assess effectiveness of protected areas and their management	• WWF has recently developed a rapid assessment and prioritization methodology to assess the management status of protected area systems; the methodology has been field-tested in one low forest cover country and will soon be applied in another.

Summarized proposal		*Action towards implementation*
		• In first national reports to the Convention on Biological Diversity, 2 per cent of low forest cover countries indicated that they had some (usually rudimentary) method of evaluating protected area management effectiveness; 11 per cent of low forest cover countries were planning or developing such methodologies.
		• Of low forest cover countries submitting second national reports to the Convention on Biological Diversity, most have nationally adopted guidelines for the selection, establishment and management of protected areas.
X.	Improve coordination and coordination and partnerships in support of sustainable forest management	• The establishment of the Tehran Process and its secretariat will improve coordination and cooperation among low forest cover countries.
		• Fifteen low forest cover countries have at least drafted national forestry programmes, 12 national action programmes to combat desertification, 13 have national biodiversity strategies and action plans; the degree of participation and cooperation involved in drafting them varies.
		• Some low forest cover countries reporting to the Commission on Sustainable Development remarked on difficulties in communication between the forest sector and wider society.
		• Only one low forest cover country reporting to the Convention on Biological Diversity had promoted cooperation on conservation and sustainable use of forest biological resources.
XI.	Policies to attract investment	• Some countries have offered tax breaks for retaining trees on private lands.
		• Others have provided grants to farmers to promote tree planting, especially for shelter belts.
XII.	Partnership mechanisms	• Only one of nine low forest cover countries reporting to the Convention on Biological Diversity had promoted cooperation on conservation and sustainable use of forest resources.
		• 9 per cent of low forest cover countries submitting first national reports to the Convention on Biological Diversity were actively forming or engaged in partnership mechanisms.
		• Second national reports submitted to the Convention on Biological Diversity by low forest cover countries indicate that approximately 90 per cent have undertaken relevant measures.
		• A team of specialists on participation and partnership in Forestry had been established by the Joint FAO/ECE/ILO Committee on Forest Technology, Management and Training in order to clarify the concept of participation and to develop a conceptual framework.
XIII.	Innovative mechanisms for financing	• Four developing low forest cover countries have national forest funds.
		• 40 low forest cover countries signatories to the Convention to Combat Desertification can potentially make use of the global mechanisms of the Convention to obtain funding for forest work.
		• Incentive measures are afforded high or medium priority by 66 per cent of low forest cover countries submitting Convention on Biological Diversity second national reports; 66 per cent of low forest cover countries have or are reviewing policies to promote incentives for forest conservation and sustainable use.

Summarized proposal	*Action towards implementation*
	• 65 per cent of low forest cover countries reporting to the Convention on Biological Diversity have reviewed incentive measures promoted through the Kyoto Protocol and the Convention on Climate Change. Although a few (about 28 per cent) are in the early stages of implementing such incentives, most have not started or are still considering such measures (56 per cent). • The Tehran Process has proposed that wealthy low forest cover countries contribute to a fund to support forest-related initiatives in developing low forest cover countries.

B. International financial assistance and cooperation

Summarized proposal	*Action towards implementation*
XIV. Global and regional assessment of protected areas	• FAO has evaluated forest protection in *FRA 2000*. • The UNEP-World Conservation Monitoring Centre has performed a more detailed analysis in terms of forest types and management categories of protected areas; for the needs of low forest cover countries and others, it will be important to refine that analysis still further to focus on unique forest types.
XV. Financial resources, technology transfer, information exchange	• The Tehran Process secretariat will raise awareness of forest activities and their importance to low forest cover countries among donors characteristically supporting development in those countries, including AsDB, AfDB, the World Bank, GEF and IFAD. • From second national reports to the Convention on Biological Diversity, many low forest cover countries (50 per cent) have some measures in place that promote international technical and scientific cooperation in the field of sustainable forest management; access to and transfer of technology is of high to medium priority in about 71 per cent of countries, but funding is problematic (limited or severely limited for 80 per cent).
XVI. Capacity-building to promote participation in decision-making	• The FAO Community Forestry Unit has provided leadership, administration and management of the Forest, Trees and People Programme, which is a network of national, regional and international institutions that develop tools and methodologies to support participatory processes in community forestry. • International cooperation and the development of approaches in community forestry has been promoted by the FAO Community Forestry Unit, which is exploring the impact of decentralization on forest resources and the capacities of local communities and authorities to manage and benefit from that process; conflicts within and between communities and government and other groups arising from forest management have been analysed, and concept notes, an electronic conference, training materials, web sites and other resource materials have been developed.
XVII. Capacity-building for monitoring forest resources	• FAO has provided capacity-building to participating countries through *FRA 2000*. • IUFRO provides support to participating institutions, e.g., through development of the Global Forest Information Service.
XVIII. Support and promote local community involvement in sustainable forest management	• The FAO Community Forestry Unit has played a major role in supporting community involvement through technical guidance, capacity-building and information dissemination. • IUCN has formed a working group on community involvement in forest management to draw and apply lessons from field experience, and to persuade Governments and donor agencies to become more responsive to community conservation efforts. • In some countries, community involvement is now a well established and integral part of the framework for forest management; however, many countries are still in the early stages of introducing forms of community forestry appropriate to their situations.
XIX. Financial support to forest conservation and protected areas management	• In late 2000, the GEF commitment to projects in its operational programme on forests was just over $349 million, of which $26.4 million was directed to low forest cover countries; a further $22.7 million was directed to projects in low forest cover countries in which forests were a secondary focus.

Summarized proposal		*Action towards implementation*
XX.	Solutions to debt problems of developing countries	• Approximately US$ 159 million of debt has been retired in debt-for-nature swaps focusing on forests. • In 1998, the United States of America enacted the Tropical Forestry Conservation Act, which allows developing countries to restructure their debts to the United States in exchange for actions in support of tropical forest conservation.
XXI.	Improve efficiency of international cooperation	• GEF, the European Commission and a number of bilateral donors have been working to share information on their activities, including those relating to forests, that could potentially be used for donor coordination; relevant efforts include a GEF project tracking and mapping system, the Natural Resources Information System of the United Kingdom Department for International Development, and the USAID-backed Natural Resources Management tracker, which focuses on Africa.

C. International organizations and multilateral institutions and instruments

Summarized proposal	*Action towards implementation*
XXII. FAO to develop a definition of low forest cover	• Progress has been made on the development of a more precise definition of low forest cover: the publication of the *Forest Resources Assessment 2000* provided some advance by applying a globally consistent definition of forest, and UNEP and IUFRO developed a paper on defining low forest cover, which proposed a number of different bases upon which low forest cover could be defined.
XXIII. Innovative use of financial mechanisms and new financial resources	• The CCD global mechanism could potentially play a key role in this context; funding is currently limited. • ITTO could potentially support activities in low forest cover countries as it does in Egypt if low forest cover countries joined the organization. • A review undertaken by FAO provided information on national forest funds in 41 countries, including some low forest cover countries, which indicated that a large number of countries have established such funds to provide some degree of assured continuity in funding for their forest sectors. • Considerable progress has been made in building consensus on financing sustainable forest management through an international process on financing strategies in sustainable forest management (workshops in Pretoria in 1996, Croydon, United Kingdom, 1999 and Oslo in 2001). • The Marrakesh meeting of the United Nations Framework Convention on Climate Change held in November 2001 finalized operational details of the Kyoto Protocol, which specify how the joint implementation and emissions trading systems will work; it also sought to ensure a prompt start to the clean development mechanism, whose mandate is to promote sustainable development by encouraging investments in projects in developing countries that reduce or avoid emissions. • Recognizing that the private sector has a critical role in stopping forest degradation and loss, an ad hoc chief executive officers forum has established a series of working groups to produce recommendations on conservation and forest management.
XXIV. Common understanding on concepts, terms and definitions	• At least 140 countries, including some low forest cover countries, are participating in at least one of the nine major processes on criteria and indicators, which include the ITTO, Dry Zone Africa, Near East Process, Dry Forests in Asia, Pan-European, Montreal, Tarapoto and Lepaterique initiatives. • Such processes have been supported by activities by a variety of organizations, including FAO and CIFOR.